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ABSTRACT

This unit, one of a series of six Project SCAT (Skills for Consumers Applied Today) units, is designed to help senior high school students develop consumer education skills. For a description of the specific objectives and format of the units, see SO 013 467. This particular unit, providing teaching methods, learning activities, and a student booklet on budgeting, encompasses three specific topics. In analyzing reasons for budgeting, students learn how to meet needs and wants, provide for long-range goals and emergencies, control spending and impulse spending, and supply records for tax and income purposes. Next, students examine characteristics of a budget by outlining values and goals, all needs, some wants, and savings. Finally, budgeting steps involve keeping a record of spending, developing a spending plan, trying the budget, and revising the budget if necessary. Instructional aids include a pre- and posttest and reproducible graphics. Students conduct surveys to determine money management practices, discuss phrases illustrating feelings about money, prepare bulletin board displays on common money management mistakes, determine student opinions concerning life styles, use average expenditure guides for preparing a budget, and display budget forms and completed budgets for class analysis. The student booklet contains relevant vocabulary, readings, and worksheets. (KC)

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MONEY MANAGEMENT AND THE CONSUMER

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BUDGETING: "Easy Come . . . Easy Go!"

Skills for Consumers Applied Today

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Teacher PAL Tips

Welcome, teachers, to this $CAT Consumer Education Teacher PAL*. We hope you will find this a useful resource while you are teaching this subject. Features of this PAL include:

A CONTENT OUTLINE of the Student PAL subject matter to aid you in class discussions.

STUDENT OBJECTIVES which state in behavioral terms the objectives of the Student PAL.

SUGGESTED ACTIVITIES which you may wish to use as enrichment activities. These include:

INTRODUCTORY ACTIVITIES which give suggestions for introducing the topic.

DEVELOPMENTAL ACTIVITIES which give ideas for developing the major concepts in the Student PAL. These suggestions are keyed to each section of the Student PAL and include appropriate resources.

REVIEW ACTIVITIES which give suggestions to guide the culmination of the study.

RESOURCE suggestions which are of three types and coded as follows:

* Materials developed by $CAT and included in this Teacher PAL.

+ Commercially developed materials, available at a cost.

= Commercially developed materials, available free or on a free-loan basis.

ADDRESSES of the producers of all suggested resources as well as others which you may wish to contact for additional ideas and/or materials.

* Packaged Activities for Learning

A SPECIALIZED VOCABULARY which is an alphabetized listing of all the "Passwords" listed in the Student PAL.

FILM DESCRIPTIONS for each film suggested as a resource.

INSTRUCTIONAL AIDS which include Xerox masters for the Test, the Test Answer Sheet, Student Activity Sheets, Film Guides, and Transparencies which you may wish to use in your study.

ANSWER KEYS for the Test, $CAT-developed Activity Sheets, and all pages from the Student PAL requiring student responses.

A STUDENT PAL for your reference.

In addition, some pages in the Student PALs are designed specifically to encourage class discussions, and teacher-led discussions may be necessary to insure student comprehension of the concepts presented. Such pages in the Student PAL for this topic include:

Page 5:	Individual problems of scarcity
Page 6:	Making choices and determining the costs of those choices
Page 10:	Individual reasons for budgeting
Page 12:	Opinions about budgeting
Pages 20-21:	Determining personal goals
Pages 25-26:	Evaluating choices and life styles
Page 32:	Differentiating between needs and wants

These features are suggestions only. You, the instructor, know your class best and should feel free to choose those activities and resources most appropriate for your students.

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- TEST
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- STUDENT PAL

STUDENT PAL . . . . . GREEN

Budgeting

Money becomes a problem when the wage-earner feels as if he has lost all control of his money--the end of the month arrives and he has not been able to make any real decisions about where it all went. "It was all gone before I even cashed my check!" is an all-too-common remark.

In today's money-centered world where a dollar bill changes hands five times a day, skill is needed in using what money we do have to both meet our daily obligations and provide for some of those things we would like to have some day.

By looking carefully at himself, today's student may be aided in determining what his own values and goals are, and given some guidance and practice in devising a budget which reflects his individuality.

"Easy Come, Easy Go" seeks to emphasize the importance of some form of budgeting or spending plan while pointing out that there is no one magic formula which will work for all--the best budget is the one which works for the individuals who have planned it.

In addition, the study of budgeting utilizes many valuable major skills and learning experiences. Decision-making, value judgments, assuming responsibility, self-analysis, fact-finding, problem-solving, planning for future goals, critical thinking, socialization, and independent study are all treated to some degree in this study.

Content Outline

I. Reasons for budgeting

- A. To be able to meet both needs and wants
- B. To provide for long-range goals and purchases
- C. To provide for emergencies
- D. To control spending
- E. To curb impulse buying
- F. To supply records for tax and other purposes

II. Budget characteristics

- A. Basis for planning
  1. Values
  2. Goals
- B. All needs
- C. Some wants
- D. Savings

III. Budgeting steps

- A. Start a record of spending
- B. Write a spending plan
  1. Income
  2. Fixed expenses
  3. Flexible spending categories
- C. Try the budget
- D. Revise if necessary

Student Objectives

1. Given the term "budget" and several descriptive phrases, the student will identify the definition of "budget."
2. Given several alternatives, the student will be able to identify the principal purpose for making a budget as balancing income and expenses.
3. Given several alternatives, the student will be able to identify several advantages of making and keeping a budget.
4. Given a list of goals and values, the student will classify them individually as either a goal or a value.
5. Given several alternatives, the student will identify how goals are different from values.
6. Given a list of possible needs and wants, the student will classify them individually as either a need or a want.
7. Given a list of fixed and flexible expenses, the student will classify food as an example of a flexible expense.
8. The student will be able to identify the four steps in budgeting as: assigning income, establishing a basis, trying the budget, and revising the budget.
9. Given several alternatives, the student will identify "income" as being money received after deductions and "outgo" as being fixed and flexible expenses.
10. Given several alternatives, the student will identify rent, sales tax and savings as being examples of "outgo."
11. The student will know that when planning a budget, it is recommended that fixed expenses should be given priority over flexible expenses.
12. Given a description of a situation in which a consumer plans a budget but makes an error, the student will determine the consumer's error. Possible errors: (a) outgo exceeds income, (b) planning begins with flexible expenditures and/or wants rather than needs and/or fixed expenditures.
13. Given several alternatives, the student will identify the provisions of an adequate budget.
14. Given a list of alternatives, the student will identify income and estimated expenses as necessary for planning a budget and actual expenses for evaluating it.
15. Given net income and the proportion of it expected to be spent on an expense, the student will calculate the estimated expense.

Introductory Activities

Generalizations	Activities	Resources
Budgeting is a form of money management which can make it easier to meet daily obligations and provide for future goals.	1. Administer *Easy Come, Easy Go* test as a Pre-test.	* Test Teacher PAL
	2. Pose a question to be answered at the end of the study: WHAT IS A BUDGET AND HOW CAN IT HELP ME?	
	3. Collect and display cartoons and quotations dealing with money management.	+ Newspapers Magazines Books of quotations
	4. Conduct a class or school survey to determine money management practices.	* Student Activity Sheet #1 Teacher PAL
	5. Tabulate and discuss survey findings. Students may prepare graphs and charts. Discuss reasons which might lie behind results.	
	6. Explore feelings about money. Ask questions such as: HOW WOULD YOU FEEL IF YOU HAD PLENTY OF MONEY? COULD LACK OF MONEY AFFECT A PERSON'S ATTITUDE TOWARD LIFE? WHAT FACTORS MIGHT INFLUENCE THE WAY PEOPLE SPEND MONEY? List and discuss phrases illustrating feelings about money. Include: ROLLING IN MONEY LOADED WITH MONEY MONEY TO BURN FILTHY RICH KEEPING YOUR HEAD ABOVE WATER	

Generalizations	Activities	Resources
	KEEPING UP WITH THE JONESES KEEPING THE WOLF FROM THE DOOR MAKING BOTH ENDS MEET	
	7. Utilize an audio-visual approach to the need for budgeting and sound money management.	+ Marriage and Money (sound filmstrip) Institute of Life Insurance + Budgeting Series, "What is a Budget?" "Why Budget?" (sound filmstrips) Interpretive Education
	8. Discuss the advantages of budgeting.	* Transparency Master #1 Teacher PAL
	9. Present the need for budgeting. Prepare a bulletin board on common money management mistakes. Initiate role playing situations to illustrate mistakes. Include: Failure to plan Impulse buying (How does impulse buying "blow the budget"?) Overextension (credit, etc.)	
	10. Discuss the importance of living within your means and how budgeting makes this easier for many persons.	+ In the Box (16 mm film - Film Guide #1) FilmFair Communications
	11. Invite a guest speaker to discuss the advantages of budgeting. Ask for examples or cases in which the use of a budget has proven the answer for clients.	Banking officer Representative from Credit Bureau, Credit Union, or Welfare Agency

Developmental Activities

Activities	Resources
1. Utilize **Why Budget?**	* Student PAL, pp. 3-12
2. Discuss: WHAT DO YOU THINK OF WHEN YOU HEAR THE WORD BUDGET? DO YOU HAVE POSITIVE OR NEGATIVE FEELINGS ABOUT BUDGETING?	* Transparency Master #2 Teacher PAL
3. Develop a definition for budgeting.	* Specialized Vocabulary Teacher PAL
4. Discuss problems encountered by young people entering the world of financial responsibility.	+ Budgeting Your Money (16 mm film - Film Guide #2) Coronet Multimedia Co. = You'll Earn It (16 mm film) Modern Talking Picture Service
1. Utilize **What's in a Budget?**	* Student PAL, pp. 13-32
2. Discuss values and goals as budget characteristics.	
3. Determine student opinions concerning life styles.	+ Money and Life Style, "You, Money and Life Style" (sound filmstrip) Changing Times Education Service

Activities	Resources
4. Debate: A FAMILY'S LEVEL OF LIVING IS CHIEFLY DETERMINED BY SIZE OF INCOME. vs. A FAMILY'S LEVEL OF LIVING IS CHIEFLY DETERMINED BY VALUES & GOALS.	
5. Discuss the family cycle and how values and goals change as position in the life cycle changes.	* Transparency Master #3 * Transparency Master #4 Teacher PAL
6. Present needs and wants as budget characteristics. Discuss how they differ. Ask: Is there a difference between needing things and wanting things? Would your economic needs change if you moved from Florida to Alaska? Why or why not? Suppose that you and three of your friends were stranded on a small Pacific island. Would the problem of satisfying your needs and wants on this island differ from your problems of needs and wants in your own community? Be specific.	* Transparency Masters #5-#7 Teacher PAL
7. Discuss how budgeting can make it possible to buy the things we want.	+ Needs and Wants (16 mm film - Film Guide #3) FilmFair Communications
8. Discuss the relationship of wise shopping and budgeting.	
9. Discuss the necessary steps in making choices. Present a problem for class discussion: CHOOSE BETWEEN TWO DESIRABLE OR NECESSARY ITEMS WHEN ONLY ONE IS POSSIBLE.	
10. Define "expenses."	+ Budgeting Series, "What are Expenses?" (sound filmstrip) Interpretive Education
11. Present the concept of "fixed" and "flexible" as terms for classification of budget items.	

Activities	Resources
12. Discuss fixed and flexible expenses. FLEXIBLE EXPENSES CAN BE REDUCED, FIXED EXPENSES CANNOT. WHY?	
13. Discuss: HOW FLEXIBLE SHOULD A BUDGET BE? HOW DO YOU FEEL ABOUT GOING TO RELATIVES AND FRIENDS TO BORROW MONEY? DOES THE AMOUNT OF MONEY BORROWED MAKE A DIFFERENCE IN YOUR ANSWER? HOW CAN LENDING MONEY TO YOUR FRIEND AFFECT YOUR BUDGET? YOUR FRIENDSHIP?	
1. Utilize **How Do I Budget?**	* Student PAL, pp. 33-49
2. Prepare a bulletin board display illustrating the budget as a balance between income and "needs." A balancing act and scales are possible illustrations.	
3. Utilize an audio-visual approach to what is involved in making a budget.	+ Budget Blues (sound filmstrip) + Consumer Sense, "It's Your Money" (sound filmstrip & student workbook) Coronet Multimedia Co. + Budgeting (learning activity package) Unigraph Products + Budgeting Series, "Budget Help" "How to Budget" (sound filmstrips) + Budgeting Workbook (workbook) Interpretive Education

Activities	Resources
	+ Interact, Unit I - Budgeting: "Where Does All the Money Go?" (sound filmstrip and activity booklet) Laidlaw Brothers + Making the Most of Your Money (sound filmstrip) + "How to Manage Your Money" (pamphlet) Educational Activities + Money Management - Budgeting Unit (multi-media kit) Changing Times Education Service + Money Talks (sound filmstrip) Money Management Institute
4. Define "income" as used in budgeting: Take home or net pay (money remaining after all deductions have been made).	* Transparency Master #8 Teacher PAL
5. Devise math examples for computing net pay when given gross pay and deductions.	
6. Utilize "average expenditure" guides for preparing a budget.	* Transparency Master #9 Teacher PAL
7. Discuss: RENT SHOULD NOT EQUAL MORE THAN 1/4 OF TAKE-HOME PAY. WHY? HOW MUCH OF YOUR BUDGET SHOULD YOU SET ASIDE FOR SAVINGS? WHERE CAN YOU GET ADVICE IF YOU NEED BUDGET HELP?	+ Budgeting Series, "Budget Help" (sound filmstrip) Interpretive Education

Activities	Resources
8. Devise several situations of persons with different financial situations -- a person living alone, persons sharing an apartment, newlyweds, a family with children, retirees, etc., to give the students practice in planning a realistic budget. (Example: Jane and Jim are newlyweds. Be Jane or Jim yourself and plan a workable, flexible budget.)	+ Money Guide to Family Finance (booklet) Time Inc. + Family Decisions--a Simulated Choice/Chance Game Washington State University
9. Compare and utilize various forms used in budgeting.	+ A Do-It-Yourself Dollar Survival Book Purdue University + Income and Expenses (duplicating masters) Milliken Publishing Co.

Review Activities

Generalizations	Activities	Resources
A workable, flexible budget will allow today's consumer to meet daily obligations and plan for future goals.	1. Devise games and puzzles to review the vocabulary of budgeting.	* Student Activity Sheet #2 Teacher PAL
	2. Display budget forms and completed budgets for class analysis.	
	3. Emphasize the importance of the individuality and flexibility of individual budgets.	* Transparency Master #10 Teacher PAL
	4. Answer Introductory Activities question #2: WHAT IS A BUDGET AND HOW CAN IT HELP ME?	+ Managing Your Money (16 mm film) Barr Films
	5. Discuss: HOW CAN YOU PREPARE FOR POSSIBLE CHANGES IN YOUR LIFE BY BUDGETING YOUR MONEY WISELY NOW?	
	6. Review the student objectives for this module.	* Student Activity Sheet #3 Teacher PAL
	7. Administer *Easy Come, Easy Go* test as a Post-test.	* Test Teacher PAL

General Resources – Addresses

Barr Films
P. O. Box 5667
Pasadena, CA 91107

Changing Times Education Service
1729 H St. N.W.
Washington, D. C. 20006

Coronet Multimedia Co.
65 East South Water St.
Chicago, IL 60601

Educational Activities, Inc.
P.O. Box 392
Freeport, NY 11520

FilmFair Communications
10900 Ventura Blvd.
P.O. Box 1728
Studio City, CA 91604

Institute of Life Insurance
277 Park Ave.
New York, NY 10017

Interpretive Education
400 Bryant St.
Kalamazoo, MI 49001

Laidlaw Brothers
Thatcher and Madison
River Forest, IL 60305

Milliken Publishing Company
1110 Research Blvd.
St. Louis, MO 63132

Modern Talking Picture Service
5000 Park Street North
St. Petersburg, FL 33709

Money Management Institute
Prudential Plaza
Chicago, IL 60601

Purdue University
Cooperative Extension Service
West Lafayette, IN 47907

Time Incorporated
Time and Life Building
Rockefeller Center
New York, NY 10020

Unigraph Products
P. O. Box 24287
Seattle, WA 98124

Washington State University
Cooperative Extension Service
College of Agriculture
Pullman, WA 99163

Specialized Vocabulary

ACTUAL SPENDING	The exact amount spent, regardless of previous plans
ALLOTTED	Distributed; divided among
BASIC NEEDS	Needs common to all--food, clothing, shelter, etc.
BASIS	Starting point
BUDGET	A plan for using your money
CATEGORIES	Divisions of the budget
ESTIMATED EXPENSES	Amounts planned to be spent for specific purposes
FIXED	Expenses which remain much the same from month to month
FLEXIBLE	Easily changed; expenses which can vary from month to month
FORM	Format; lay-out
GOAL	Purpose; specific objective toward which one works
IMPULSE BUYING	Buying without planning the purchase
INCOME	Money received on a regular basis
NEEDS	Necessities

OUTGO	Expenses; those things for which you spend money
PRIORITIES	Those things which are of the greatest importance
RECORD	List of items for which money was spent; spending record
RESOURCES	Assets; available money
SPENDING PATTERNS	The way in which one spends his money
VALUES	Ideals and principles by which one lives
WANTS	Luxuries; what we desire which are not necessities

Film Descriptions

BUDGETING YOUR MONEY (13 minutes) - Coronet, 1976 FILM GUIDE #2

It seems like no one ever has enough money. Four young people in different financial situations freely discuss their budgeting problems. Their informal conversations lead to an exchange of information on how budgets are made with suggestions for carrying out a successful money management program.

IN THE BOX (14 minutes) - FilmFair, 1976 FILM GUIDE #1

Two young people, Phil and Betty, meet inside a box that is symbolic of the financial crisis each is in. The box is manned by automation-like men who intone contract legalese and threaten action by creditors as the two sit, frightened and shamed, inside the box. Flashbacks reveal how Phil, through illness, and Betty, by losing her job, got "boxed in" financially. The two are given a "parole" to seek help. They find it through Chapter XIII of the federal bankruptcy law and through a community-based credit counseling center. They are finally freed from the box with an understanding of how to solve the present crisis and how to better manage their credit in the future.

MANAGING YOUR MONEY (23 minutes) - Barr Films, 1978

Carol has just received her first paycheck and she's shocked to discover how taxes have diminished her take-home pay. But more than that, she's not prepared for an encounter with that universal scoundrel -- "temptation" -- who comes to her in the person of C. C. McMoney. She soon finds herself deeply in debt, and when her car breaks down and she can't afford to fix or replace it, Carol realizes that sending C. C. McMoney on his way and budgeting her money are the only ways to make her money work for her -- "either you manage your money or your money manages you."

NEEDS AND WANTS (9 minutes) - FilmFair, 1976 FILM GUIDE #3

In a fast-paced, raucous reproduction of a television game show, Jose and Marcia battle for the big prize. Each contestant describes his/her values, goals and lifestyle which are posted on the "lifestyle board" behind them. They then see a parade of consumer products and must decide if each product represents a real need or merely a want in relation to their stated lifestyle. No right or wrong emphasis is given to values and goals or lifestyles -- and decisions about needs and wants are evaluated only as they relate to a given lifestyle.

YOU'LL EARN IT (24 minutes) - Modern Talking Picture Service

A real-life look at the problems encountered by young people entering the adult world of financial responsibility. Documented case studies illustrate the need for wise management of the personal fortune the young adult can expect to earn during his working lifetime.

INSTRUCTIONAL AIDS

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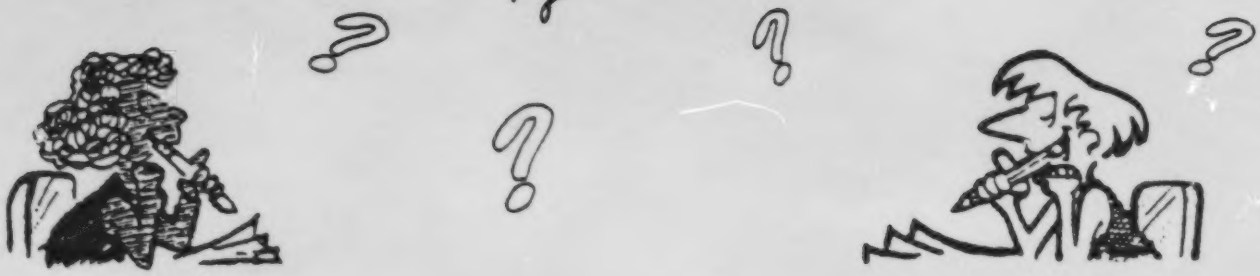

Easy Come, Easy Go

CHOOSE THE BEST ANSWER FOR EACH STATEMENT OR QUESTION.

1. A budget is
   A. a spending record.
   B. a "thing" toward which one works.
   C. a plan for spending money.
   D. money received on a regular basis.

2. The main purpose for making a budget is to balance
   A. income and expenses.
   B. needs and wants.
   C. saving and impulse buying.
   D. values and goals.

3. Which of the following is NOT an advantage of making and keeping a budget?
   A. Budgets provide for unplanned emergencies.
   B. Budgets provide for all needs and wants.
   C. Budgets provide for long-range goals.
   D. Budgets provide a curb on impulse buying.

4. Which of the following are values?
   A. Justice and luxuries
   B. Luxuries and new eyeglasses
   C. New eyeglasses and good hearing
   D. Good health and justice

5. Which of the following statements about goals and values is true?
   A. Goals are more definite than values.
   B. Goals are harder to identify than values.
   C. Values are easier to list than goals.
   D. Values can conflict with one another, but goals cannot.

6. Each of the following is either a need or a want:
   Food
   Clothing
   Transportation
   A good score on this test

   Which of the above are needs?
   A. Food and clothing only
   B. Food, clothing and transportation only
   C. Food, clothing and a good score on this test only
   D. Food, clothing, transportation and a good score on this test

7. Each of the following is either a fixed or flexible expense. Which one expense is flexible?
   A. Food
   B. Insurance
   C. Taxes
   D. Utilities

8. Of the following possible steps, which is the one NOT actually used in making a budget?
   a. Establish a basis
   b. Compare goals and needs
   c. Assign income to estimated expenses
   d. Try to budget
   e. Revise or keep the budget

   A. a
   B. b
   C. c
   D. d

9. Which of the following best states the difference between income and outgo?
   A. Income means money received before deductions and outgo means fixed expenses only, including deductions.
   B. Income means money received before deductions and outgo means fixed and flexible expenses, including deductions.
   C. Income means money received after deductions and outgo means fixed expenses only.
   D. Income means money received after deductions and outgo means fixed and flexible expenses.

10. Which of the following are examples of outgo?
    A. Unemployment pay, regular pay, and savings after taxes
    B. Dividends and interest after taxes
    C. Rent, sales tax and savings
    D. Unemployment pay and rent

11. When writing a budget, it is best to consider
    A. fixed expenses before flexible expenses.
    B. flexible expenses before fixed expenses.
    C. goals before values.
    D. values before goals.

12. Hank listed his sources of monthly income and found the sum to be $608.21. Hank then listed his estimated expenses in the order he planned to pay them. His list looked like this:

Food and entertainment	$100.00
Rent	150.00
Clothing	15.00
Van payment	179.17
Insurance premiums	69.22
Utilities	55.00
Education	42.00
Savings	20.00

    Hank is going to have problems with his budget because
    A. all flexible expenses were not listed before fixed expenses.
    B. all fixed expenses were not listed before flexible expenses.
    C. outgo exceeds income and all flexible expenses were not listed before fixed expenses.
    D. outgo exceeds income and all fixed expenses were not listed before flexible expenses.

13. An adequate budget should provide for
    A. all needs, all wants, and saving for future goals.
    B. all needs, some wants and flexibility.
    C. all needs, flexibility, saving for future goals.
    D. flexibility, saving for future goals, all needs and some wants.

14. Which of the following are necessary for planning a budget?
    A. Income and needs
    B. Needs and actual expenses
    C. Income and estimated expenses
    D. Estimated expenses and actual expenses.

15. If Kathy budgets 23% of her net income of $459 per month for rent, what is Kathy's estimated rent expense?
    A. $ 93.37
    B. $104.57
    C. $105.57
    D. $115.57

4

NAME _____

CLASS _____

DATE _____

Easy Come, Easy Go

1 Ⓐ Ⓑ Ⓒ Ⓓ

2 Ⓐ Ⓑ Ⓒ Ⓓ

3 Ⓐ Ⓑ Ⓒ Ⓓ

4 Ⓐ Ⓑ Ⓒ Ⓓ

5 Ⓐ Ⓑ Ⓒ Ⓓ

6 Ⓐ Ⓑ Ⓒ Ⓓ

7 Ⓐ Ⓑ Ⓒ Ⓓ

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9 Ⓐ Ⓑ Ⓒ Ⓓ

10 Ⓐ Ⓑ Ⓒ Ⓓ

11 Ⓐ Ⓑ Ⓒ Ⓓ

12 Ⓐ Ⓑ Ⓒ Ⓓ

13 Ⓐ Ⓑ Ⓒ Ⓓ

14 Ⓐ Ⓑ Ⓒ Ⓓ

15 Ⓐ Ⓑ Ⓒ Ⓓ

ME AN' MY MONEY. . . .

a Survey of Teenage Spending

OUR CLASS IS STUDYING MONEY MANAGEMENT.
PLEASE COMPLETE THIS QUESTIONNAIRE FOR USE IN OUR STUDY.
DO NOT SIGN YOUR NAME.

AGE_____ GRADE_____ SEX_____

	YES	NO
1. ABOUT HOW MUCH MONEY DO YOU SPEND IN ONE WEEK?	___	___
2. DO YOU HAVE A PART TIME JOB?	___	___
3. DO YOU PLAN YOUR SPENDING?	___	___
4. DOES YOUR FAMILY USE A BUDGET OR SOME FORM OF SPENDING PLAN?	___	___
5. DO YOU COOPERATE WITH YOUR FAMILY IN MANAGING THE FAMILY INCOME?	___	___
6. DO YOU USUALLY HAVE ENOUGH MONEY?	___	___
7. DO YOU HAVE A CHECKING ACCOUNT?	___	___
8. DO YOU HAVE A SAVINGS ACCOUNT?	___	___

9. HOW DO YOU FEEL ABOUT MONEY & MONEY MANAGEMENT?
CHECK THE STATEMENTS BELOW WHICH ILLUSTRATE YOUR FEELINGS:

____ MOST PEOPLE DON'T KNOW WHERE ALL THEIR MONEY GOES

____ USING A BUDGET IS NECESSARY ONLY IF YOU HAVE MONEY PROBLEMS

____ BUDGETING IS HARDER FOR SOME PEOPLE THAN OTHERS

____ THE SAME BUDGET WILL WORK FOR EVERYONE

____ A BUDGET KEEPS YOU FROM HAVING ANY FUN

PLEASE USE THE BACK OF THIS SURVEY SHEET TO ADD ANY ADDITIONAL COMMENTS YOU MIGHT HAVE.

EASY COME EASY GO!

MANY OF THE *Easy Come . . . Easy Go!* PASSWORDS ARE RELATED.
SEE IF YOU CAN WRITE THE OTHER HALF OF THE FOLLOWING PAIRS.
(ALL PASSWORDS YOU WILL NEED ARE LISTED AT THE BOTTOM OF THIS PAGE.)

Fixed _____

Goals _____

Income _____

Needs _____

NOW SEE IF YOU CAN PROVIDE THE CORRECT PASSWORDS TO COMPLETE THE FOLLOWING STATEMENTS:

1. A _____ can help to curb _____ _____.

2. In a balanced budget, _____ will equal _____.

3. _____ expenses should be budgeted before _____ expenses.

4. Many consumers make the mistake of thinking of their _____ as <u>needs</u> when they go shopping.

PASSWORDS:

BUDGET	INCOME
FIXED	NEEDS
FLEXIBLE	OUTGO
GOALS	VALUES
IMPULSE BUYING	WANTS

Easy Come, Easy Go

NOW THAT YOU HAVE COMPLETED THE ACTIVITIES IN THE BUDGETING PAL, YOU SHOULD BE ABLE TO:

1. Recognize the definitions of the passwords used in this PAL.
2. Know the main reason for making a budget.
3. Know the advantages of making and keeping a budget.
4. Identify examples of goals and values.
5. Know how goals differ from values.
6. Identify examples of needs and wants.
7. Identify examples of fixed and flexible expenses.
8. Name and describe the 4 basic steps in budgeting.
9. Know the difference between income and outgo.
10. Identify examples of income and outgo.
11. Know what type of expenses come first when planning a budget.
12. Examine a budget and identify errors.
13. Know for what things a budget should provide.
14. Know the role of income and actual and estimated expenses in budgeting.
15. Calculate the estimated expense, given the net income figure and the percent of income to be spent.

8

film guide: IN THE BOX

Two young people, Phil and Betty, suffer financial problems and get "boxed in." Notice how the two are given a "parole" and are finally freed from the box with an understanding of how to solve their present crises and how to better manage their credit in the future.

As you watch this film, or when it is completed, answer the following questions:

1. What does the box symbolize?

2. What led to Phil's money problem? Do you feel he was to blame for his problem?

3. Repeat question #2 for Betty.

4. Explain how Chapter XIII of the federal bankruptcy law helps solve a financial problem.

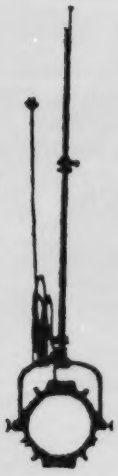
5. What is the difference between Chapter XIII and bankruptcy? Which would you choose in a money crisis? Why?

6. Debate: BANKRUPTCY IS UNETHICAL!

film guide:

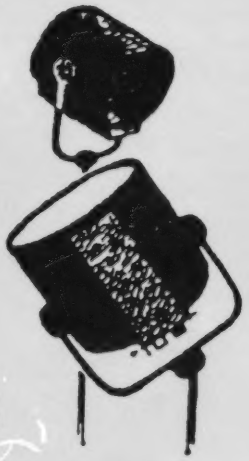
Budgeting Your Money

It seems as though no one ever has enough money. In this film, four young people freely discuss their budgeting problems. Their conversations lead to an exchange of information on how budgets are made. Suggestions are given for carrying out a successful money management program.



As you watch this film, or when it is completed, answer the following questions:

1. Which of the characters in the film do you think had the most control over his or her money? Why?



2. Why is flexibility important when planning a budget?

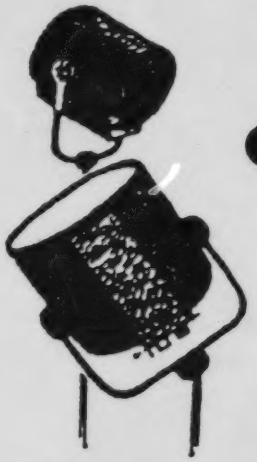
3. Have you ever observed an adult balance a check book, or had the opportunity to do it yourself? Why do you think some people find this difficult?

4. When you want to spend money in two ways and only have enough for one, how do you make a decision?

film guide: NEEDS & WANTS

In a fast-paced, raucous reproduction of a television game show, Jose and Marcia battle for the big prize. Each contestant describes his/her values, goals and lifestyle which are posted on the "lifestyle board" behind them. They then see a parade of consumer products and must decide if each product represents a real need or merely a want in relation to their stated lifestyle. Do you agree with their decisions?

As you watch this film, or when it is completed, answer the following questions:



1. According to the film, how are needs and wants defined?

2. How would you describe Marcia's lifestyle, values, and goals? Give examples of other products that would represent real needs and wants for her.

3. Apply Question #2 to Jose.

4. List your lifestyle factors. In separate columns, list at least five needs and five wants. Be prepared to defend your decision before the class.

Why Budget?

CURB IMPULSE BUYING

ALLOW YOU TO CONTROL YOUR MONEY

SUPPLY RECORDS

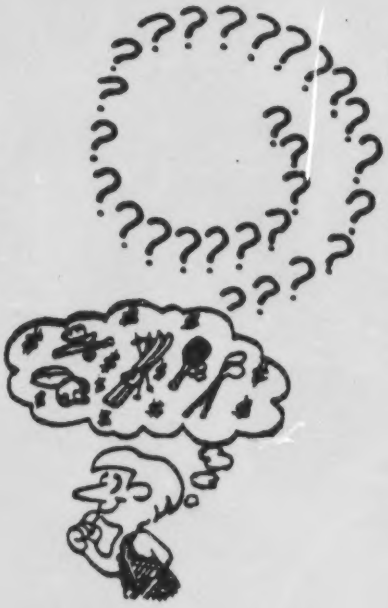
HELP MEET ALL NEEDS & SOME WANTS

&

PROVIDE FOR EMERGENCIES

PROVIDE FOR LONG RANGE GOALS

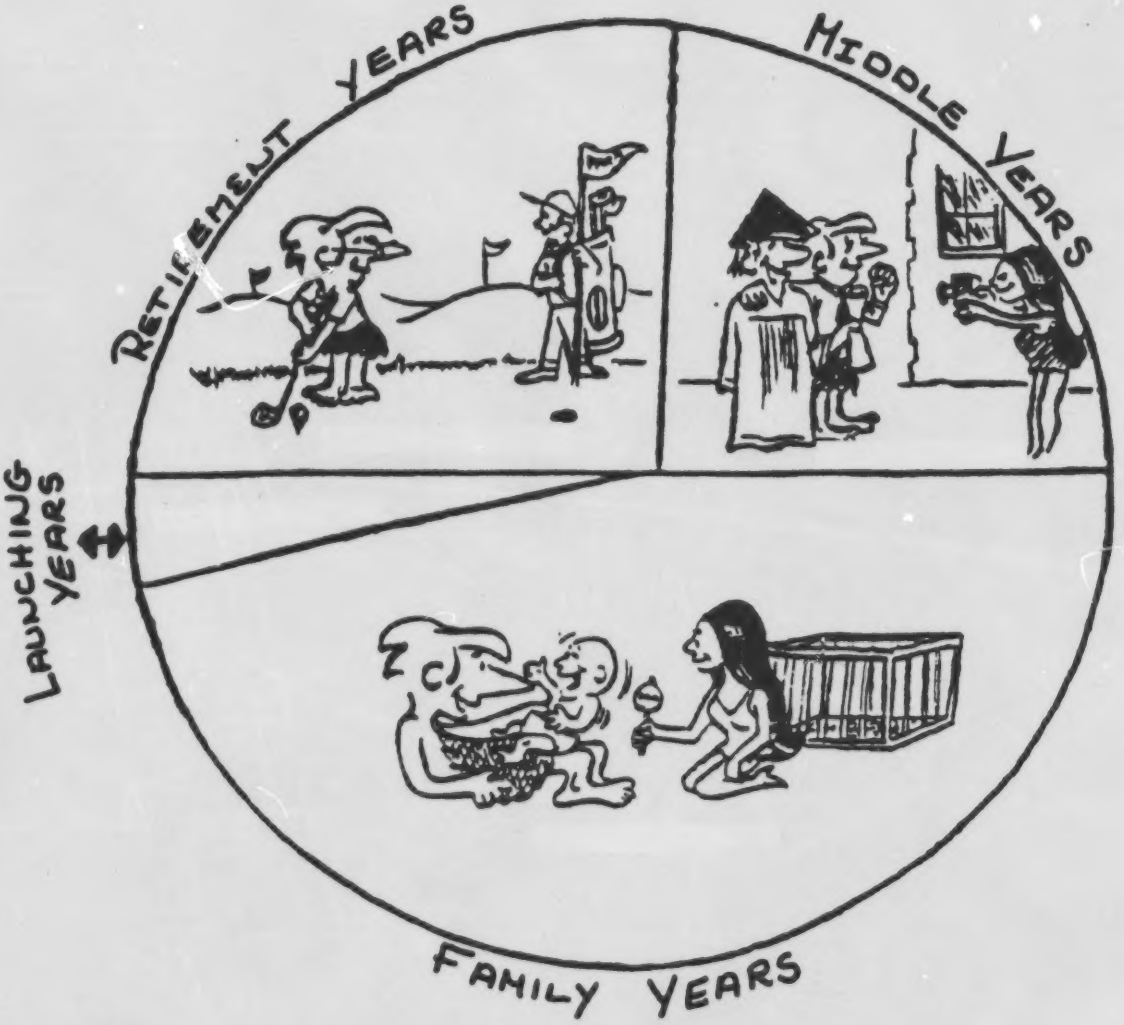
Transparency Master #1
Budgeting



DO BUDGETS MAKE YOU FEEL

Transparency Master #2
Budgeting

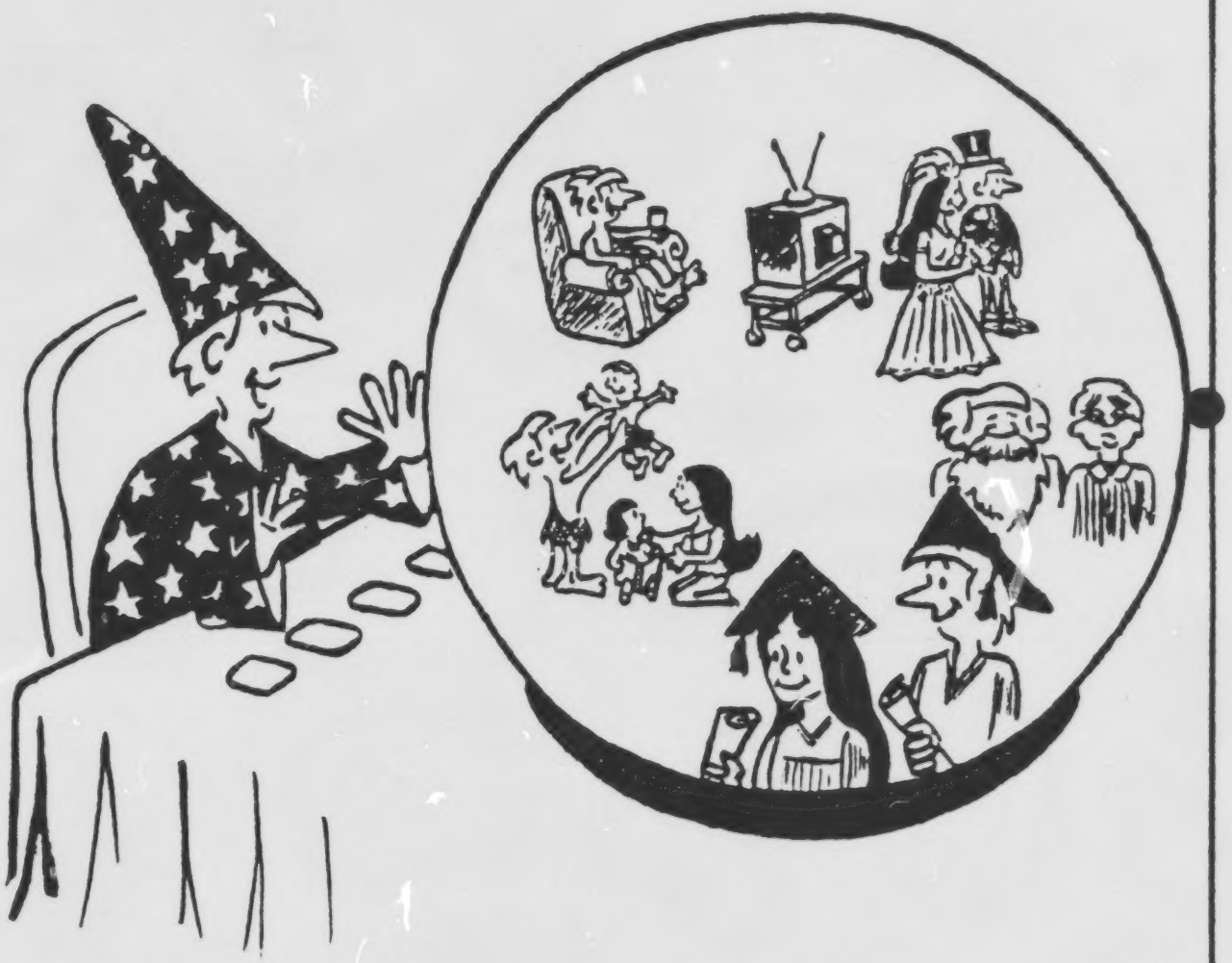
The FAMILY



LIFE CYCLE

Transparency Master #3
Budgeting

LOOK TO YOUR FUTURE



HOW WILL YOUR LIFE STYLE CHANGE ?

Transparency Master #4
Budgeting

Ask yourself...

DO I **WANT** IT
OR
NEED IT?

WHAT
WILL
IT
COST?

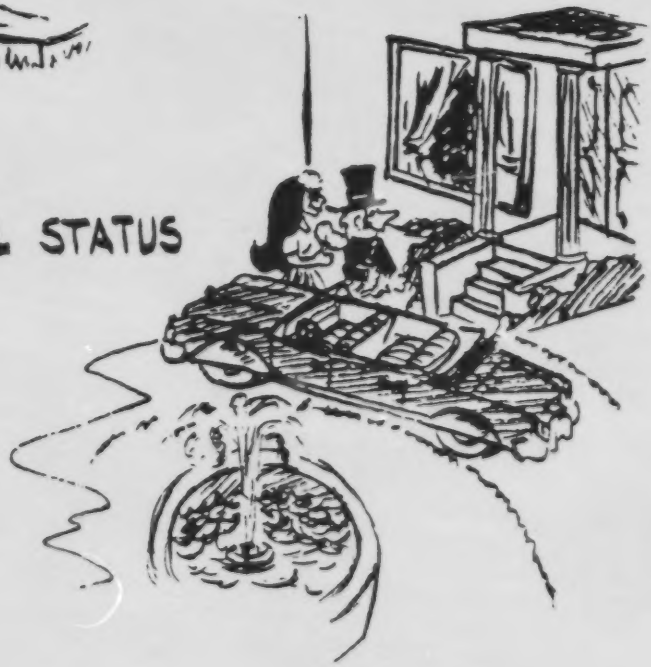
SHOULD I BUY IT **NOW**, OR **LATER**?

WANTS Vary By:

LIVING CONDITIONS

SEX & AGE

MARITAL STATUS



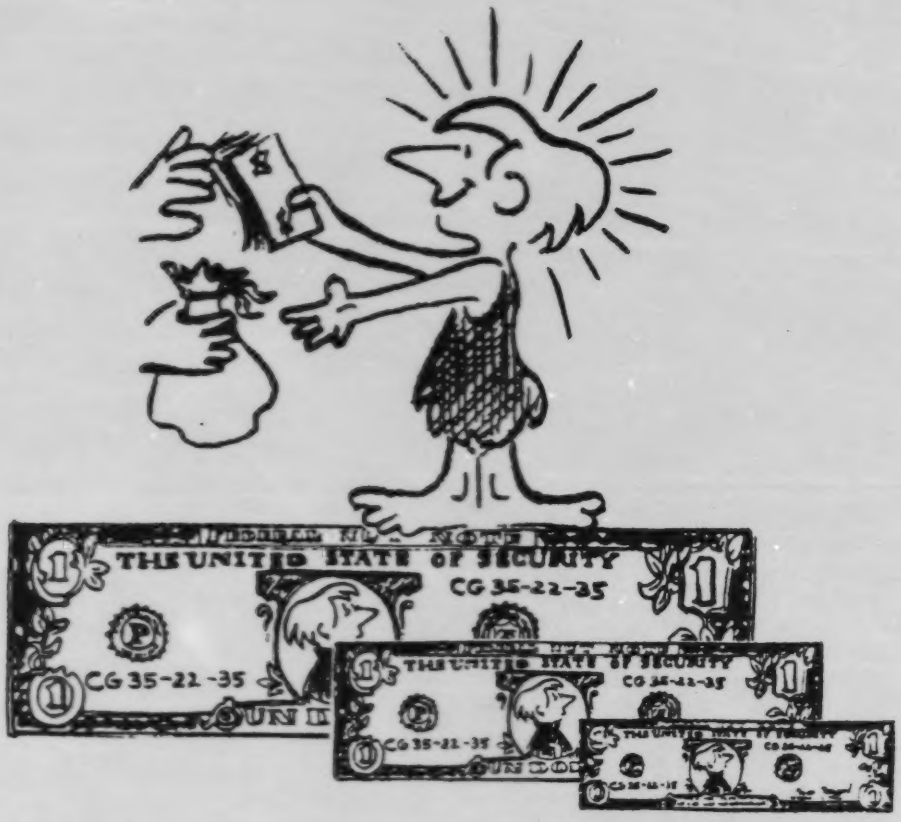
Transparency Master #5
Budgeting

Spending Illustrates NEEDS & WANTS

NEEDS & WANTS ARE INDIVIDUAL

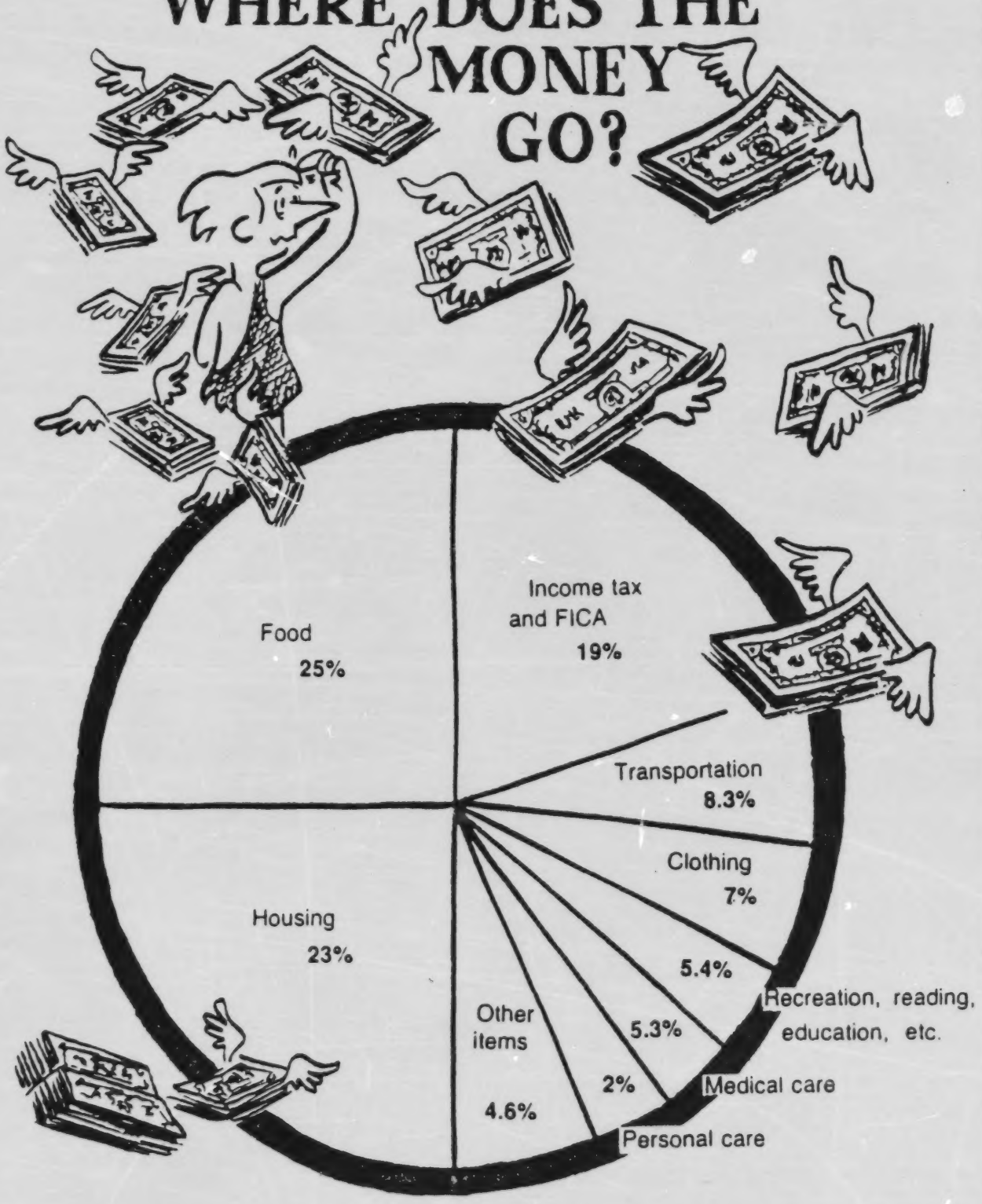
NET INCOME :

take home or net pay



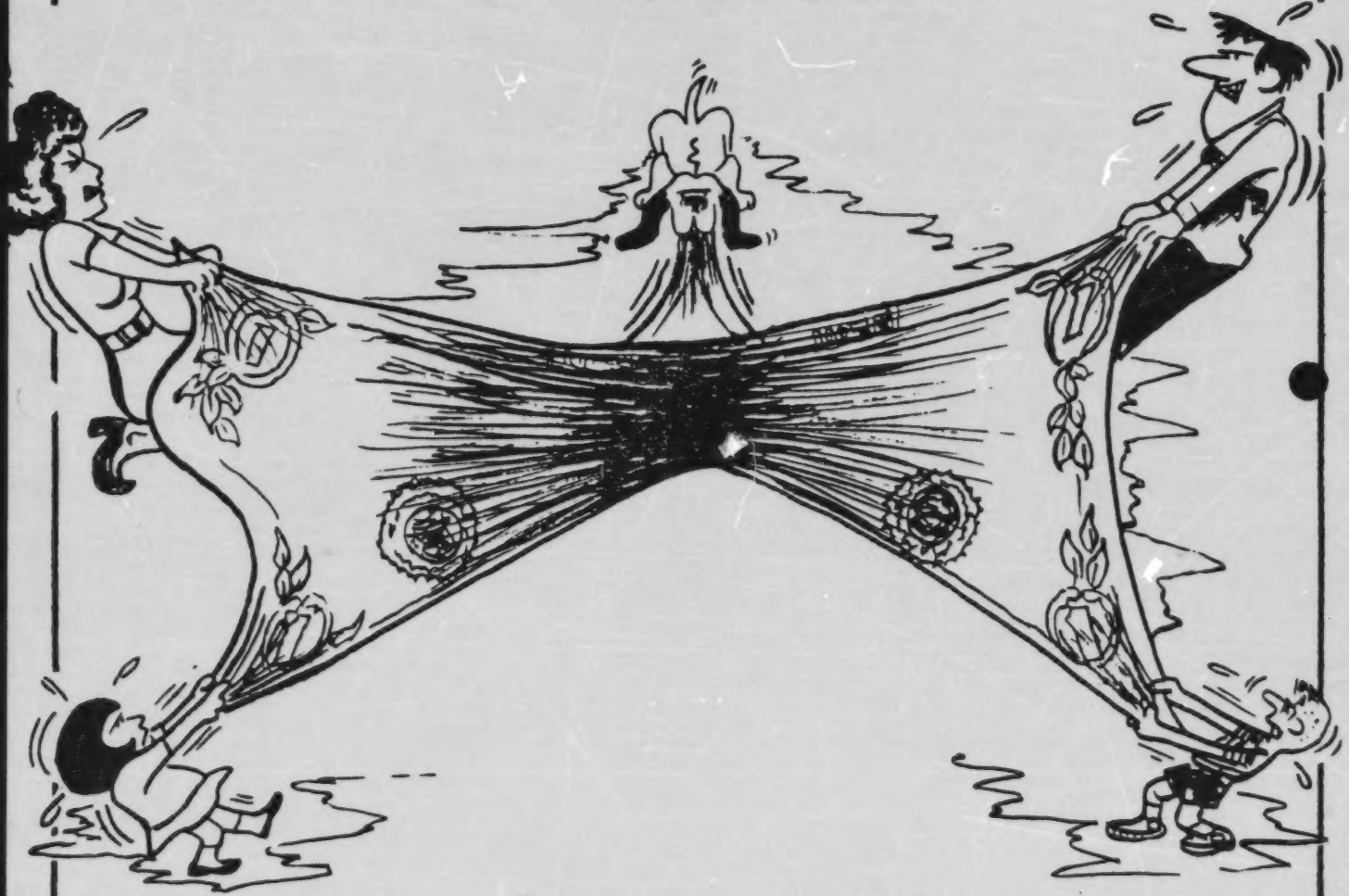
[money remaining after all deductions have been made].

WHERE DOES THE MONEY GO?



Transparency Master #9
Budgeting

IS YOUR BUDGET



FLEXIBLE?

Transparency Master #10
Budgeting

Answer Keys

CLASSROOM TEACHERS ARE AUTHORIZED TO
REPRODUCE THIS ORIGINAL COPY FOR USE
IN THEIR CLASSROOMS.

NAME _____

CLASS _____

DATE _____

Easy Come, Easy Go

1 Ⓐ Ⓑ ● Ⓓ

2 ● Ⓑ Ⓒ Ⓓ

3 Ⓐ ● Ⓒ Ⓓ

4 Ⓐ Ⓑ Ⓒ ●

5 ● Ⓑ Ⓒ Ⓓ

6 ● Ⓑ Ⓒ Ⓓ

7 ● Ⓑ Ⓒ Ⓓ

8 Ⓐ Ⓑ ● Ⓓ

9 Ⓐ Ⓑ Ⓒ ●

10 Ⓐ Ⓑ ● Ⓓ

11 ● Ⓑ Ⓒ Ⓓ

12 Ⓐ Ⓑ Ⓒ ●

13 Ⓐ Ⓑ Ⓒ ●

14 Ⓐ Ⓑ ● Ⓓ

15 Ⓐ Ⓑ ● Ⓓ

EASY COME EASY GO!

MANY OF THE *Easy Come . . . Easy Go!* PASSWORDS ARE RELATED.
SEE IF YOU CAN WRITE THE OTHER HALF OF THE FOLLOWING PAIRS.
(ALL PASSWORDS YOU WILL NEED ARE LISTED AT THE BOTTOM OF THIS PAGE.)

Fixed	FLEXIBLE
Goals	VALUES
Income	OUTGO
Needs	WANTS

NOW SEE IF YOU CAN PROVIDE THE CORRECT PASSWORDS TO COMPLETE THE FOLLOWING STATEMENTS:

1. A BUDGET can help to curb IMPULSE BUYING.

2. In a balanced budget, INCOME will equal OUTGO.

3. FIXED expenses should be budgeted before FLEXIBLE expenses.

4. Many consumers make the mistake of thinking of their WANTS as needs when they go shopping.

PASSWORDS:

BUDGET	INCOME
FIXED	NEEDS
FLEXIBLE	OUTGO
GOALS	VALUES
IMPULSE BUYING	WANTS

Jack, Nancy, and the Hazzards have a very common problem--the PROBLEM OF SCARCITY. They do not have enough dollars and cents to do everything they want to do and have everything they want to have.

Unlimited Needs and Wants

Limited Dollars and Cents

SO

They need to make hard decisions about their

Priorities

Jack, for example, made the CHOICE to buy a car. That CHOICE had certain COSTS. Jack's money then had to go for car payments, gasoline, and insurance rather than movies, new clothes, and other things.

Decisions, like Jack's, involve CHOICES and COSTS. We are always involved in such decisions. Think about a BUDGET for TIME in terms of costs and choices:

> *Juan Ortega was looking forward to Saturday. No school! He had made plans during the week. He was going to take Sally fishing on Saturday morning and go to the game that afternoon. Dale had invited him for a few sets of tennis, and Juan wanted to wash and wax the car before he went out to dinner that evening with his family. But on Friday, Harry called about driving up to State College on Saturday to learn more about the medical school and to apply for admission.*

CHOICES (What Juan is going to do)	**COSTS** (What Juan will not be able to do)
ANSWERS WILL VARY	ANSWERS WILL VARY

Juan has a problem of scarcity of time. He cannot do everything on Saturday! No matter what he decides to do, there is a cost (he, thus, will not have time to do other things).

The Principal's Problem

The principal at Spanish Moss Elementary School has $1,000 left in her supply budget for the year. The art teacher has no supplies and wants money to purchase about $600 worth. Six teachers complain that they do not have proper math books for their students and need $700 for math books and materials. Now the roof has sprung a leak and the principal has only the $1,000. The roof job will cost $950.

How is the principal's problem one of scarcity? ANSWERS
What would you do if you were the principal? WILL VARY

The Mother's Problem

Tom and his two friends come home hungry after playing football. They are--as most eight year olds tend to be--looking for cookies. Tom's mother discovers that she has only two cookies left.

How is this a problem of scarcity?
What should Tom's mother do if the stores are closed and she cannot bake cookies?

ANSWERS WILL VARY

THE PARTY BUDGET

A group of students gathered at Pam Well's home one evening to plan a class party. Each of the 35 students in the class had contributed a dollar, so the planning committee had $35 to spend. That is set--they cannot get more money. The students on the committee have made a list of the really NEAT things to have at the party, but notice that they cannot have them all. They recognize a problem of SCARCITY.

Napkins	*$ 1.00*	*Band (local group)*	*$20.00*
Soft drinks	*10.00*	*Party hats*	*6.50*
Cookies	*5.00*	*Rental of banquet room*	
Cake	*5.00*	*in a "neat" hotel*	*35.00*
Punch	*8.00*	*Pretzels & chips*	*10.00*
Ice cream	*12.00*	*Coffee for chaperones*	
Ice	*4.00*	*(required by the school)*	*4.00*

CHOICES (What they are going to do)	**COSTS** (What they will not be able to do)
ANSWERS WILL VARY	ANSWERS WILL VARY

Help the committee at Pam Well's home. Show how they might list CHOICES and COSTS. Does this give you an idea of why Jack, Nancy, and the Hazzards (page 3) might be having trouble?

ANSWERS WILL VARY

Whether you call it money management, financial planning or using a budget, there are advantages to be gained by learning the easy, fundamental steps of budgeting.

This *EASY COME, EASY GO* PAL has been planned to help you learn about:

THE NEED FOR A BUDGET
DECISION-MAKING
MEETING NEEDS FIRST, THEN WANTS
FIXED & FLEXIBLE EXPENSES
BUDGET FORMS
HOW TO PLAN YOUR OWN BUDGET
HOW TO SET PERSONAL GOALS

Give budgeting a try with this popular theme:

SHOULD I MAKE AND STICK TO A PERSONAL BUDGET ?

REASONS FOR MAKING AND FOLLOWING A BUDGET ---	REASONS FOR NOT MAKING AND FOLLOWING A BUDGET --
1.	1.
2.	2.
3. ANSWERS WILL VARY	3. ANSWERS WILL VARY
4.	4.
5.	5.
6.	6.

In your judgment, should a person who is self-directed and self-disciplined make and follow a budget?

YES? _____

NO? _____ ANSWERS WILL VARY

WHY? _____

Why Budget?

Indicate whether you agree or disagree with the following budgeting statements:

ANSWERS WILL VARY

Agree	Disagree		
___	___	1.	Budgeting helps a person master himself.
___	___	2.	The main reason to use a budget is to save money.
___	___	3.	You don't need a budget if you have enough money each month.
___	___	4.	Budgets are only for bad times, such as when your income drops.
___	___	5.	The main goal in budgeting is to balance income and expenses.
___	___	6.	A budget is a plan of action for your money.
___	___	7.	Nobody uses budgets.
___	___	8.	A budget can help curb impulse buying.
___	___	9.	Budgets help meet today's needs and tomorrow's wants.
___	___	10.	A budget is a good financial record.

ANSWERS WILL VARY

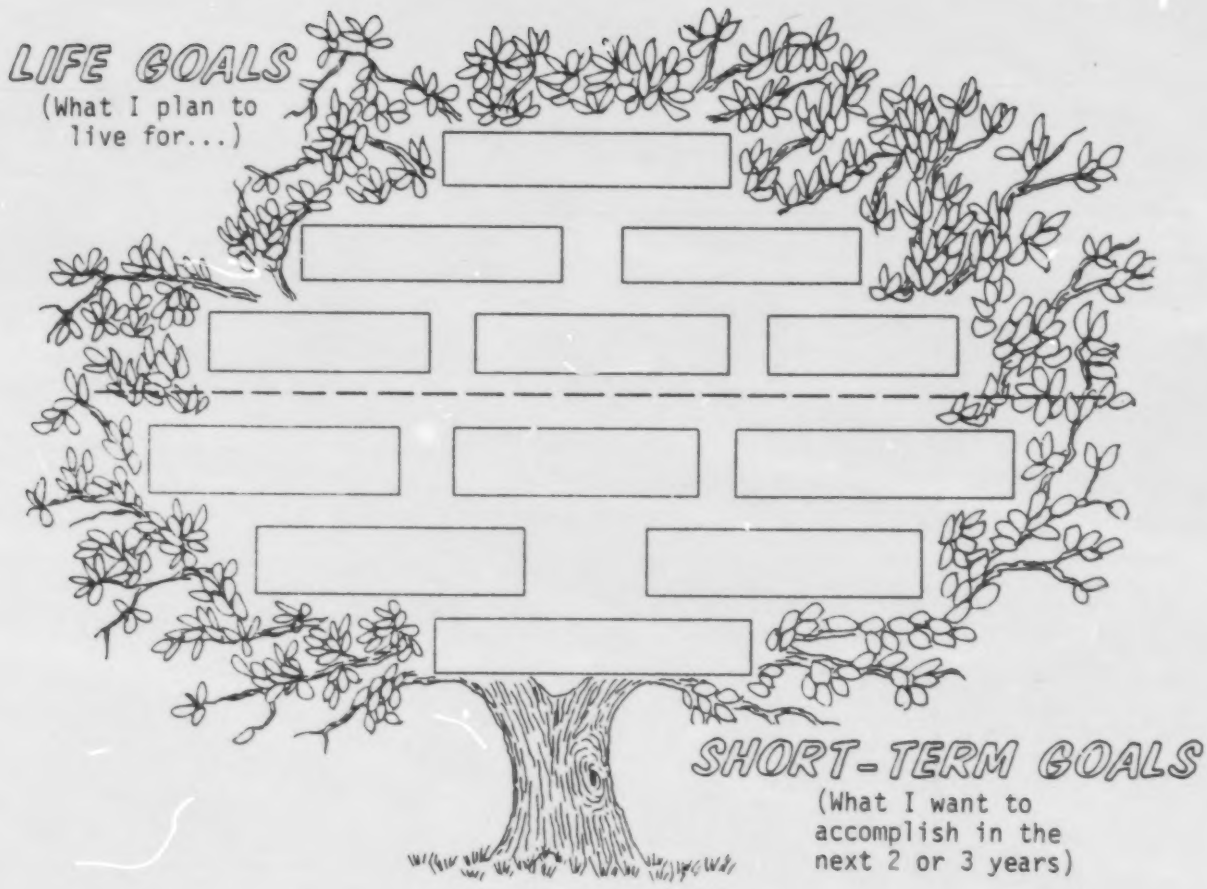
Evaluate the following:

The ability to use money efficiently does not come naturally.

Budgeting is essential to wise money management.

If you feel you need or want a budget, you need one.

PERSONAL GOALS TREE



ANSWERS WILL VARY

PERSONAL GOALS and VALUES

The PERSONAL GOALS which we set are linked to our VALUES. One person may save money to buy a larger, more impressive house; another person may save to buy stocks to achieve economic security; and a third person may save money to give to church missionaries, working with hungry persons in Asia.

One person may spend dollars on a big, impressive car; another person spends her dollars on gifts for friends; and a third person spends dollars on books and courses at a local university.

When we look at people's budgets, we can tell something about their goals. When we know their goals, we can tell something about what they value in life. There are eight kinds of values listed below:

POWER	INFLUENCE OVER OTHER PEOPLE
WEALTH	RICHES AND PROPERTY
AFFECTION	LOVE AND FRIENDSHIP
ENLIGHTENMENT	LEARNING AND KNOWLEDGE
TRUST	HONESTY, RESPONSIBILITY
WELL-BEING	GOOD HEALTH AND PERSONAL SAFETY
SKILL	BEING ABLE TO DO THINGS
RESPECT	RECOGNITION OF ONE'S IMPORTANCE, THE HONOR OR RESPECT OF OTHERS

Think about the goals on your PERSONAL GOALS TREE. What VALUES are reflected by your GOALS? _____ _____

_____ _____ _____

ANSWER WILL VARY

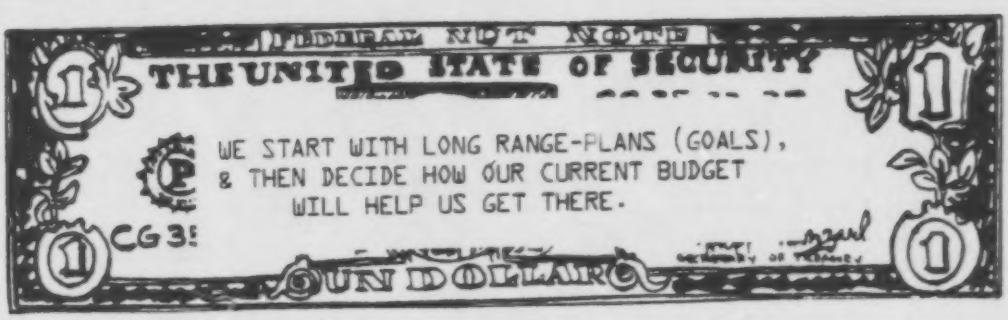
WHERE DID YOU GET YOUR GOALS?

Think about the GOALS on your PERSONAL GOALS TREE. How did you set those GOALS?

KNOWLEDGE	What I have learned from others.
EXPERIENCE	What I have learned for myself.
VALUES	What I desire for myself and for others.
FEELINGS	My emotional reaction to things.

Use VALUES or GOALS to complete each statement:

1. VALUES are those things which seem important to a person.
2. GOALS are aims and objectives.
3. Goals vary from person to person because goals are based on each person's own set of VALUES.
4. GOALS may be stated for this week, for next year, or for years from now.
5. Friendship, education, and religion are all examples of VALUES.
6. Both VALUES and GOALS may change with age and experience.


THE UNITED STATE OF SECURITY
WE START WITH LONG RANGE-PLANS (GOALS),
& THEN DECIDE HOW OUR CURRENT BUDGET
WILL HELP US GET THERE.
CG 3!
GUN DOLLARS

Needs are those things we need to live comfortably, such as the four basic necessities of life -- food, housing, energy, and health care.

Wants are those things we really don't need, but would like to have such as candy, a dune buggy, or 20 pairs of shoes.

SHOW WHETHER THE ITEMS IN THE FOLLOWING LIST ARE NEEDS *OR* WANTS *FOR AN AVERAGE HIGH SCHOOL STUDENT. WRITE* N *FOR* NEEDS *AND* W *FOR* WANTS.

N 1. Clothes
W 2. Comic books
N 3. Vegetables
W 4. A second motorcycle
N 5. Electricity
N 6. A home
N 7. Income
W 8. Candy
W 9. Wigs
W 10. A bracelet
W 11. A new car every year
W 12. Camping equipment
N 13. Paints for an artist
W 14. A coin collection
N 15. Dinner

LIST 13 OF YOUR FAVORITE ITEMS WHICH YOU HAVE HELPED TO CONSUME THIS WEEK. (Examples: gasoline, food, clothes) ANSWERS WILL VARY

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____

IF THERE WERE A DECREE WHICH SAID ALL FAMILIES MUST CONSUME LESS, WHICH THREE ITEMS LISTED ABOVE COULD YOU REALLY DO WITHOUT? ANSWERS WILL VARY

1. _____ 2. _____ 3. _____

WHY DID YOU DECIDE UPON THESE THREE ITEMS? ANSWERS WILL VARY

WHICH THREE ITEMS ON THE LIST WOULD BE THE LAST YOU WOULD BE WILLING TO GIVE UP? ANSWERS WILL VARY

1. _____ 2. _____ 3. _____

HOW WOULD YOUR WAY OF LIFE CHANGE IF YOU GAVE UP THE FIRST THREE ITEMS? ARE THEY NEEDS *OR* WANTS? ANSWERS WILL VARY

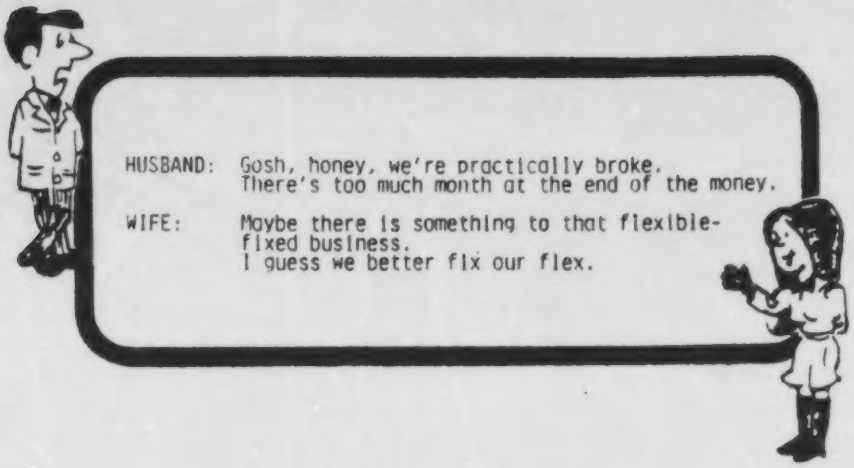
HOW WOULD YOUR WAY OF LIFE CHANGE IF YOU GAVE UP THE LAST THREE ITEMS YOU LISTED? ARE THEY NEEDS *OR* WANTS? ANSWERS WILL VARY

or FLEXIBLE ?

75% OF MOST CONSUMERS' INCOMES ARE COMMITTED TO REGULAR FIXED LIVING EXPENSES

25% OF MOST CONSUMERS' INCOMES ARE FOR IRREGULAR EXPENSES

Expenses or obligations which occur every month are of two types:


HUSBAND: Gosh, honey, we're practically broke. There's too much month at the end of the money.
WIFE: Maybe there is something to that flexible-fixed business. I guess we better fix our flex.

Indicate whether the following budget items are FIXED or FLEXIBLE by using X for each FIXED item; L for each FLEXIBLE item.

X	1. Rent	L	11. Parking tickets
L	2. Magazines	X	12. Interest from savings accounts
L	3. Bowling	L	13. Contributions to charities
X	4. Garbage bill	L	14. $5 you spend each week on grooming aids
X	5. Salary	L	15. $10 from a neighbor for installing screens
X	6. Health insurance	L	16. Records
L	7. Movies	L	17. A new pair of jeans
L	8. Food	X	18. Club dues
L	9. Gifts	L	19. Dating expenses
X	10. Installment payment	L	20. Emergencies

Discuss: Why is it difficult to classify items such as 8, 11, and 17 in the list above?

ANSWERS WILL VARY

The exercises on the next two pages will give you practice in applying this skill to budget situations.

Try Your Hand:

Use the following facts to fill in the Budget Worksheet.

1. *INCOME: $600.00*

2. *FIXED EXPENSES*

   a. *Rent* $200
   b. *Phone* 15
   c. *Car* 30
   d. *Insurance* 20

3. *FLEXIBLE EXPENSES*

   a. *Clothes* $85
   b. *Food* 85
   c. *Car Upkeep* 45
   d. *Recreation* 60
   e. *Savings* 30
   f. *Miscellaneous* 20

INCOME	FIXED EXPENSES		FLEXIBLE EXPENSES	
$600				
	RENT	$200	CLOTHES	$ 85
	PHONE	15	FOOD	85
	CAR	30	CAR UPKEEP	45
	INSURANCE	20	RECREATION	60
			SAVINGS	30
			MISC.	20
TOTAL $600	TOTAL $265		TOTAL $325	

1. Add each of the columns to find your Worksheet totals.
2. Add your fixed expenses and your flexible expenses.
3. Does the sum of your fixed expenses and flexible expenses totals equal your income? NO; INCOME $600, EXPENSES $590, A GOOD BUDGET, HOWEVER

Budget Workshop

INCOME	FIXED EXPENSES		FLEXIBLE EXPENSES	
$400	CAR PAYMENT	$ 32	FOOD	$ 60
	RENT	104	CLOTHES	40
	CAR INSURANCE	20	MEDICAL	24
			SAVINGS	44
			CAR UPKEEP	28
			RECREATION	36
			MISCELLANEOUS	12
TOTAL $400	TOTAL $156		TOTAL $244	

Put these items in the proper column and add each of the columns.

Monthly income	*$400.00*	*Apartment rent*	*$104.00*
Car payment	*32.00*	*Car insurance*	*20.00*
Food	*60.00*	*Car upkeep*	*28.00*
Clothes	*40.00*	*Recreation*	*36.00*
Medical	*24.00*	*Miscellaneous*	*12.00*
Savings	*44.00*		

How much is your income?	Total	$400
How much are your flexible expenses?	Total	244
How much are your fixed expenses?	Total	156
Add your fixed and flexible expenses.	Total	400
How much money do you have left?		$ 0

What's in a Budget ?

Match the terms with their descriptions:

C	1. Fixed	A.	Ideals and principles
F	2. Flexible	B.	Necessities
D	3. Goals	C.	Remain much the same from month to month
B	4. Needs	D.	Purposes: aims and objectives
A	5. Values	E.	Luxuries
E	6. Wants	F.	Varying from month to month
		G.	Worth

Complete the statements by writing the correct word from the list above:

7. Physical fitness is a VALUE upon which the goal of good health may be based.
8. Food and shelter are basic NEEDS.
9. Changes in value and lifestyle also change GOALS.
10. Income, housing and installment payments are budget items which are FIXED because they do not vary greatly from month to month.

THINK ABOUT, SHARE, and DISCUSS your answers to the following questions:

1. Is there a difference between needing things and wanting things?

ANSWERS WILL VARY

2. Why is it necessary for most of us to make economic decisions before buying the things we need and want?

ANSWERS WILL VARY

3. Would economic needs change if a consumer moved from Florida to northern Minnesota? Why?

ANSWERS WILL VARY

4. Is it possible for the same item to be a fixed budget item for one consumer and a flexible budget item for a different consumer?

ANSWERS WILL VARY

5. Suppose you and a few friends are stranded on a small Pacific island. How would the problem of satisfying your needs and wants on this island differ from that problem in your community? How necessary would a budget be?

ANSWERS WILL VARY

Tuition	$100.00	(Laundry Service	$20.00)
Room & Board	200.00	(Snacks	15.00)
(Supplies	12.00)	Car Payment	50.00
(Magazines	7.00)	(Clothes	22.00)
(Library Fines	2.50)	(Miscellaneous	8.00)
(Dates	30.00)		

His income consists of $50 take-home pay per week for his part-time job and $200 monthly which he withdraws from his savings account.

1. Circle all the items in Jim's spending record which are flexible.
2. What is the total of his flexible items? $116.50
3. What is the total of his fixed items? $350.00
4. What is the total of his monthly income? $400.00
5. By how much will he have to reduce his spending to make his budget balance (Income = Expenses)? $ 66.50

Think of which of these items would be easiest for you to reduce if you were in Jim's situation.

II.

NANCY AND SAM PLAN TO BE MARRIED IN TWO MONTHS. NANCY IS A SECRETARY WITH A TAKE-HOME PAY OF $750. SAM IS A STUDENT WITH A NET INCOME OF $220 FROM HIS PART-TIME JOB. THEY HAVE $500 IN A SAVINGS ACCOUNT.
BECAUSE THEY HAD HEARD OF THEIR FRIENDS' FINANCIAL DIFFICULTIES, THEY DECIDED TO WORK OUT A BUDGET THEY FELT THEY COULD LIVE WITH.

SINCE THIS WAS THEIR FIRST TRY AT BUDGETING, THEY DECIDED TO USE A "% OF INCOME" GUIDE IN THEIR BUDGETING. SUCH GUIDELINES SHOW "AVERAGE" PERCENTAGES OF INCOME SPENT ON ITEMS BY MANY CONSUMERS. FOR EACH ITEM, THE MONTHLY INCOME IS MULTIPLIED BY THE % OF INCOME TO DETERMINE AN ESTIMATE FOR THAT EXPENSE.

1. Figure the Estimated Expense for each item listed.
2. Find the totals for the % of Income and Estimated Expenses columns.
3. Answer the questions on the next page.

SPENDING PLAN - THE GREENES			
EXPENSES	% OF INCOME	ESTIMATED * EXPENSES	ACTUAL COST
Housing	25	$242.50	($230)
Food	25	242.50	(200)
Clothing	10	97.00	(40)
Personal	3	29.10	60
Transportation	12	116.40	125
Medical & Dental	6	58.20	(40)
Education & Recreation	5	48.50	220
Gifts & Contributions	5	48.50	(25)
Miscellaneous	6	58.20	(25)
Savings	3	29.10	(5)
TOTAL	100	$970.00	$970.00

* Use the % of Income figures to complete Estimated Expenses. The first one is done for you. ($970 x .25 = $242.50)

The actual amounts spent by the Greenes for the first month they used their budget were as follows: Housing: $230, Food: $200, Clothing: $40, Personal: $60, Transportation: $125, Medical and Dental: $40, Education and Recreation: $220, Gifts and Contributions: $25, Miscellaneous: $25, Savings: $5.

Use these figures to complete the ACTUAL COST column of the SPENDING PLAN on page 40. Then answer these questions about their budget:

1. Did their first month's budget balance? YES

2. For which seven items were the ACTUAL COSTS less than the ESTIMATED EXPENSES? Circle these ACTUAL COST amounts on the SPENDING PLAN.

3. For which one of the 10 items was there the greatest difference between the ESTIMATED EXPENSES and the ACTUAL COST? EDUCATION & RECREATION

4. Why was it necessary to spend so much more for education & recreation than the guidelines for budgeting suggested? SAM IS A STUDENT

5. What is the current balance in the Greenes' savings account? $505

III.

THE HAZZARDS HAVE BOUGHT THEIR DREAM HOUSE. THEY EXPECTED TO SPEND MORE ON HOUSING NOW THAN THEY HAD IN THE PAST, BUT SOMEHOW THEIR FIGURES DIDN'T BALANCE AT THE END OF THE MONTH.

Take a look at their guidelines and see if you can see why:

Food: 26%, Housing: 30%, Clothing: 10%,
Personal: 5%, Transportation: 7%,
Medical: 8%, Recreation: 5%, Gifts: 5%,
Miscellaneous: 5%, Savings: 10%.

TOTAL: 111%

Because the standard guidelines didn't work for them, the Hazzards decided to base their budget on their own lifestyle and what was important to them.

First they wrote down their fixed expenses. Then they divided the remainder of their income among the flexible expenses they knew they would need to meet.

Their completed record looked like this:

FIXED EXPENSES		*FLEXIBLE EXPENSES*	
Housing	$500	Clothing	$200
Food	300	Personal	100
Savings	150	Transportation	140
Installment payments	150	Medical & Dental	160
		Education & Recreation	100
		Gifts & Contributions	100
		Miscellaneous	100
		TOTAL : $900	

What was the total of the Hazzards' incomes? (Careful!!!) $2000 PER MONTH

Use the % Guidelines in the box on page 41 to fill in the amounts the Hazzards budgeted for their flexible expenses.

Now that you have worked with three different budget situations, you have been able to see some of the thinking, planning, and figuring involved in making a budget work.

A married couple pay annual expenses of $950 property taxes, $170 homeowners insurance, $44 car license, $310 automobile insurance, $180 life insurance, $660 health insurance, $80 professional dues, and home mortgage payments of $3000 per year ($250 x 12). Family income is $1800 per month after payroll deductions. They determine total fixed expenses and the balance left for current expenses and savings in the following manner:

Property taxes	$ 950
Homeowners insurance	170
Car license	44
Automobile insurance	310
Life insurance	180
Health insurance	660
Professional dues	80
Mortgage payments	3000
Total	$5394 (fixed expenses for the year)

$5394 ÷ 12 = $449.50 fixed expenses per month

$1800 - $449.50 = $1350.50 balance per month for other expenses & savings

Now see how well you can do such planning with the following example:

Miguel Santos makes a payment of $225 every six months on a loan, pays a car license of $55 each year, plus automobile insurance of $220. He also pays $107 twice a year on a life insurance policy. How much must he allow in his budget each month to meet these fixed expenses when due?

$78.25

Many consumers plan ahead for such irregular, fixed expenses by having two bank accounts--a cash budget account and a special budget account. The cash budget account is used for regular monthly expenses. The special budget account is used to accumulate funds for irregular, fixed expenses.

REMEMBER

YOUR budget should reflect <u>your</u> lifestyle and be as simple or as detailed as you wish.

A budget must be a living document that changes as your spending needs and your income change.

24

Review Time

How Do I Budget?

1. List the four steps in budgeting:

START IT

WRITE IT

TRY IT

REVISE OR KEEP IT

2. Find your net pay on a salary of $200 per week if you had the following deductions: federal tax-20%; state tax-5%, dues-2%, and social security 7%.

$132

3. Expenses may be classified as being of two kinds. Both kinds begin with "f". What are they?

FIXED

FLEXIBLE

4. Show whether each item in the list is an INCOME item or an EXPENSE item. Print I for each INCOME item, E for each EXPENSE item.

I	Found $5	I	Mowed lawn for Mrs. Green
E	New shoes	I	Ran errands for $1 each
I	Washed car for neighbor	I	Part-time job
E	Telephone bill	E	Went to a movie
E	Soft drinks	I	Received birthday gift

5. True or False:

   A "good" budget depends on the needs, wants, and values of the persons developing the budget rather than on figures based on percentages or averages of other people's spending. TRUE

Refer to the three budget situations on pages 38-41 when answering questions 6-9:

6. Is Jim (Situation I.) going to have much "pocket money" while he is attending Lucky U. ? NO

7. If Jim plans to drive his car while he is in school, what additional expenses will he have which are not included in his budget?

   AUTO INSURANCE, OPERATING EXPENSES (GASOLINE, ETC.)

8. When the Greenes (Situation II.) revise their budget they will be able to eliminate or leave out two of the columns they used when first writing their budget. What are those two columns? % OF INCOME

   $ AMOUNT

9. What two expenses did the Hazzards (Situation III.) list as fixed expenses which are usually listed as flexible expenses? FOOD

   SAVINGS

   Their thinking in doing this was to set themselves a minimum in these two areas. In savings they were "paying themselves first"--being sure to save a certain amount every month.
   Why might the other item be flexible even though they had not planned it that way? FOOD PRICES MAY INCREASE

10. The budget YOU use should fit Y O U !!

Student Pal

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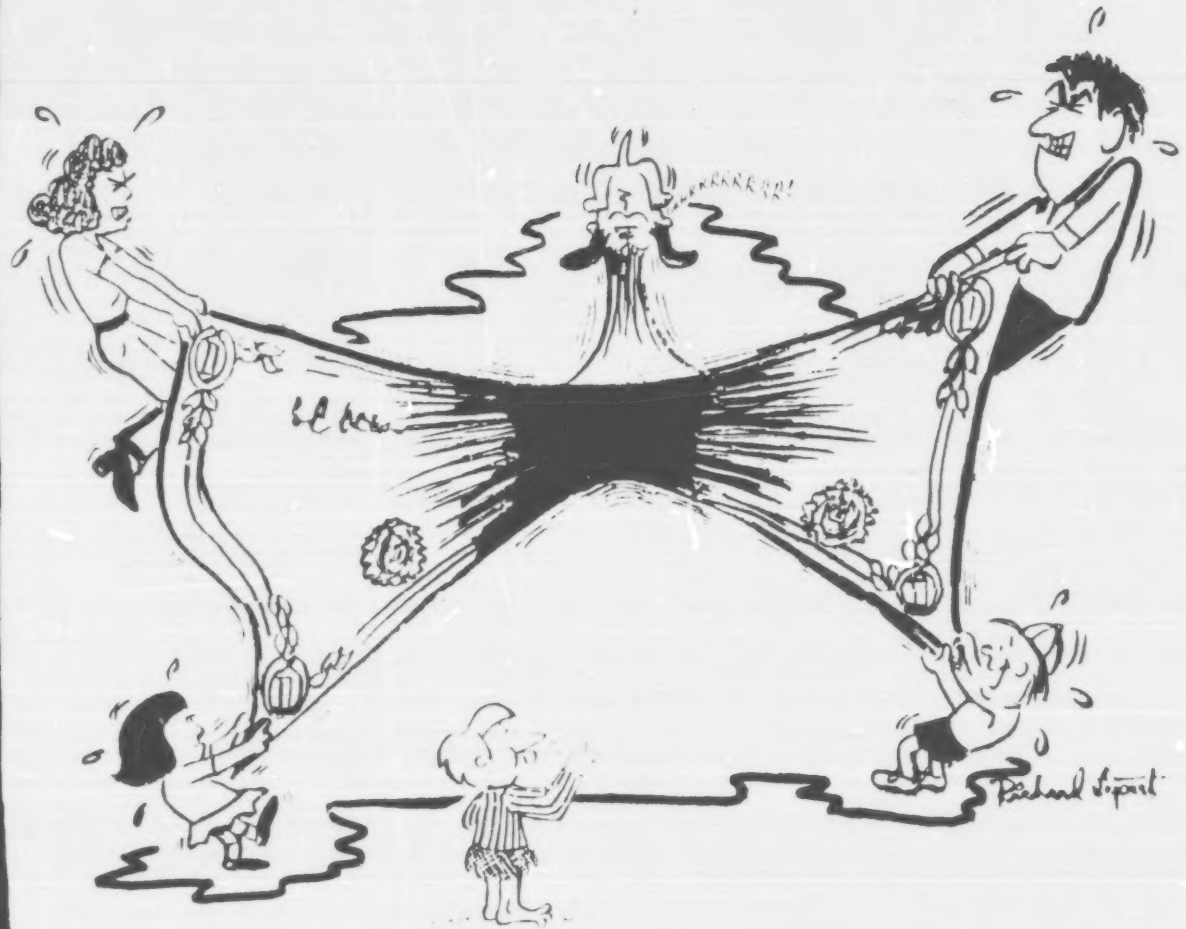
EASY COME



EASY GO!

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W E L C O M E to this PAL*, a consumer resource booklet. The two characters shown on this page are the Hazzards -- Ms. Happ and Happ Hazzard. You will find them in many of the illustrations used throughout this booklet.

Important information is divided into chapters or sections. Each section begins with a title page and includes:

P A S S W O R D S which give the special meanings for the words used in that section.

R E V I E W T I M E exercises to determine what you have learned.

Have fun, study hard, and become a conscientious consumer.

*PAL: Packaged Activities for Learning

Users of the consumer skills presented in this resource booklet come in both genders, female and male. The text and dialogues sometimes say "he," sometimes "she," sometimes "you," sometimes "the person." Please feel free to substitute the feminine for the masculine pronoun, and vice versa, any time it is appropriate to your situation.

JACK WORKS AFTER SCHOOL AT THE LOCAL SUPERMARKET. HE HAD JUST BOUGHT A CAR TO GET TO WORK, BUT FINDS AFTER MAKING HIS CAR PAYMENTS AND PAYING FOR ALL HIS CAR EXPENSES, THAT HE NEVER HAS ANY MONEY LEFT FOR ANYTHING ELSE. ALL THE OTHER GUYS HE WORKS WITH SEEM TO BE DOING O.K., BUT JACK NEVER SEEMS TO HAVE ENOUGH MONEY FROM ONE PAYDAY TO ANOTHER.

JODY AND NANCY SHARE AN APARTMENT. THEY HAVE AGREED ON WHICH ITEMS TO DIVIDE THE COSTS AND ON WHICH ITEMS SHOULD BE EACH ONE'S INDIVIDUAL RESPONSIBILITY. ALL THE FIXED EXPENSES SUCH AS THE RENT AND PHONE ARE PAID FIRST EACH MONTH. JODY HAS SAVED ENOUGH TO BUY A CAR, BUT NANCY MUST TAKE THE BUS TO WORK AND HAS HAD TO BORROW FROM THE CREDIT UNION.

THE HAZZARDS HAVE BEEN MARRIED FOR TWO YEARS. BECAUSE THEY KNEW THE MONEY PROBLEMS THEIR FRIENDS HAD AFTER MARRIAGE, THEY DECIDED TO BUDGET THEIR SPENDING. THEY FOLLOWED THE SAME BUDGET THE SENIOR HAZZARDS HAD USED AND FOUND SUCCESFUL FOR YEARS. BUT SOMETHING WAS WRONG. THEY DID HAVE A SAVINGS ACCOUNT, BUT NEVER SEEMED TO HAVE ENOUGH MONEY FOR THE "FUN" THINGS THEY HAD DONE BEFORE THEY WERE MARRIED.

What do Jack, Nancy, and the Hazzards have in common?

MONEY PROBLEMS!!

Read on to discover how this PAL can answer questions. Perhaps it can even solve some problems for consumers like Jack, Nancy, the Hazzards and *YOU!*

Jack, Nancy, and the Hazzards have a very common problem--the PROBLEM OF SCARCITY. They do not have enough dollars and cents to do everything they want to do and have everything they want to have.

SO

They need to make hard decisions about their

Priorities

Jack, for example, made the CHOICE to buy a car. That CHOICE had certain COSTS. Jack's money then had to go for car payments, gasoline, and insurance rather than movies, new clothes, and other things.

Decisions, like Jack's, involve CHOICES and COSTS. We are always involved in such decisions. Think about a BUDGET for TIME in terms of costs and choices:

> *Juan Ortega was looking forward to Saturday. No school! He had made plans during the week. He was going to take Sally fishing on Saturday morning and go to the game that afternoon. Dale had invited him for a few sets of tennis, and Juan wanted to wash and wax the car before he went out to dinner that evening with his family. But on Friday, Harry called about driving up to State College on Saturday to learn more about the medical school and to apply for admission.*

CHOICES (What Juan is going to do)	COSTS (What Juan will not be able to do)

Juan has a problem of scarcity of time. He cannot do everything on Saturday! No matter what he decides to do, there is a cost (he, thus, will not have time to do other things).

The Principal's Problem

The principal at Spanish Moss Elementary School has $1,000 left in her supply budget for the year. The art teacher has no supplies and wants money to purchase about $600 worth. Six teachers complain that they do not have proper math books for their students and need $700 for math books and materials. Now the roof has sprung a leak and the principal has only the $1,000. The roof job will cost $950.

How is the principal's problem one of scarcity?
What would you do if you were the principal?

The Mother's Problem

Tom and his two friends come home hungry after playing football. They are--as most eight year olds tend to be--looking for cookies. Tom's mother discovers that she has only two cookies left.

How is this a problem of scarcity?
What should Tom's mother do if the stores are closed and she cannot bake cookies?

THE PARTY BUDGET

A group of students gathered at Pam Well's home one evening to plan a class party. Each of the 35 students in the class had contributed a dollar, so the planning committee had $35 to spend. That is set--they cannot get more money. The students on the committee have made a list of the really NEAT things to have at the party, but notice that they cannot have them all. They recognize a problem of SCARCITY.

Napkins	*$ 1.00*	*Band (local group)*	*$20.00*
Soft drinks	*10.00*	*Party hats*	*6.50*
Cookies	*5.00*	*Rental of banquet room in a "neat" hotel*	*35.00*
Cake	*5.00*	*Pretzels & chips*	*10.00*
Punch	*8.00*	*Coffee for chaperones (required by the school)*	*4.00*
Ice cream	*12.00*		
Ice	*4.00*		

CHOICES (What they are going to do)	COSTS (What they will not be able to do)

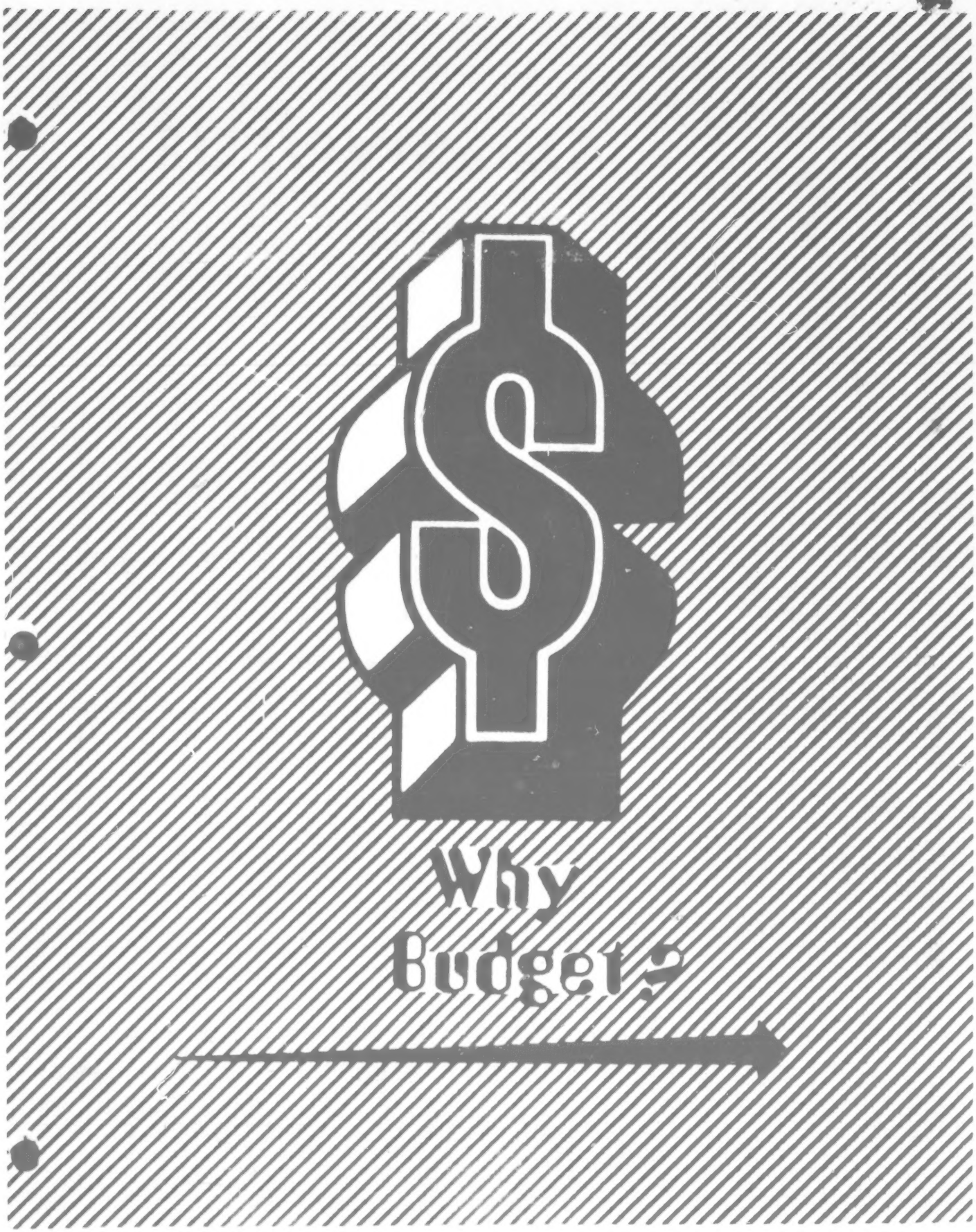
Help the committee at Pam Well's home. Show how they might list CHOICES and COSTS. Does this give you an idea of why Jack, Nancy, and the Hazzards (page 3) might be having trouble?

Whether you call it money management, financial planning or using a budget, there are advantages to be gained by learning the easy, fundamental steps of budgeting.

This *EASY COME, EASY GO* PAL has been planned to help you learn about:

THE NEED FOR A BUDGET
DECISION-MAKING
MEETING NEEDS FIRST, THEN WANTS
FIXED & FLEXIBLE EXPENSES
BUDGET FORMS
HOW TO PLAN YOUR OWN BUDGET
HOW TO SET PERSONAL GOALS

Give budgeting a try with this popular theme:


Why
Budget?

passwords ...

Why Budget?

BUDGET	*A plan for using your money*
GOAL	*Purpose* *Something a person wants and tries to get or to become*
IMPULSE BUYING	*Buying without planning the purchase*
NEEDS	*Necessities*
WANTS	*Luxuries* *Desires which are not necessities*

Ready to Move On?

Do You Know the Passwords?

96

Why Budget?

Money *IS* important -- it is a part of your life today and probably always will be:

AMERICAN TEENAGERS SPEND $15 - $20 BILLIONS EVERY YEAR
AN AMERICAN'S LIFETIME EARNINGS WILL RANGE FROM $500,000 to $800,000

YOU ARE important!

Managing your money through the use of a budget can mean a happier, more satisfying life.

Budgeting:

is a plan of action for spending your money.

is not easy if you have spent your money carelessly & without a plan in the past.

is a personal matter, depending on personal choices & individual life styles.

is telling your money where to go rather than wondering where it went.

is *NOT* a magic method for saving money.

helps you to see where you are spending, which expenses are needless or are luxuries you can do without.

can be very simple & kept in one's head or very complex & record every penny spent.

SHOULD I MAKE AND STICK TO A PERSONAL BUDGET ?

REASONS FOR MAKING AND FOLLOWING A BUDGET ---

1.

2.

3.

4.

5.

6.

REASONS FOR NOT MAKING AND FOLLOWING A BUDGET --

1.

2.

3.

4.

5.

6.

In your judgment, should a person who is self-directed and self-disciplined make and follow a budget?

YES? _____

NO? _____

WHY? _____

Why Budget ?

A BUDGET CAN MEAN:

C - CURBING IMPULSE BUYING (Self-discipline!)

A - ALLOWING YOU TO CONTROL YOUR MONEY
INSTEAD OF YOUR MONEY CONTROLLING YOU (Self-direction!)

S - SUPPLYING RECORDS FOR INCOME TAX AND
OTHER PURPOSES

H - HELPING YOU MEET ALL YOUR NEEDS AND
SOME OF YOUR MOST IMPORTANT WANTS

AND

PROVIDE FOR EMERGENCIES FOR WHICH YOU
CANNOT PLAN AHEAD

PROVIDE FOR LONG-RANGE GOALS AND PURCHASES

INSURE THAT YOU CAN LEAD THE KIND OF LIFE
YOU VALUE FOR YOURSELF AND FOR OTHERS

Why Budget?

Indicate whether you agree or disagree with the following budgeting statements:

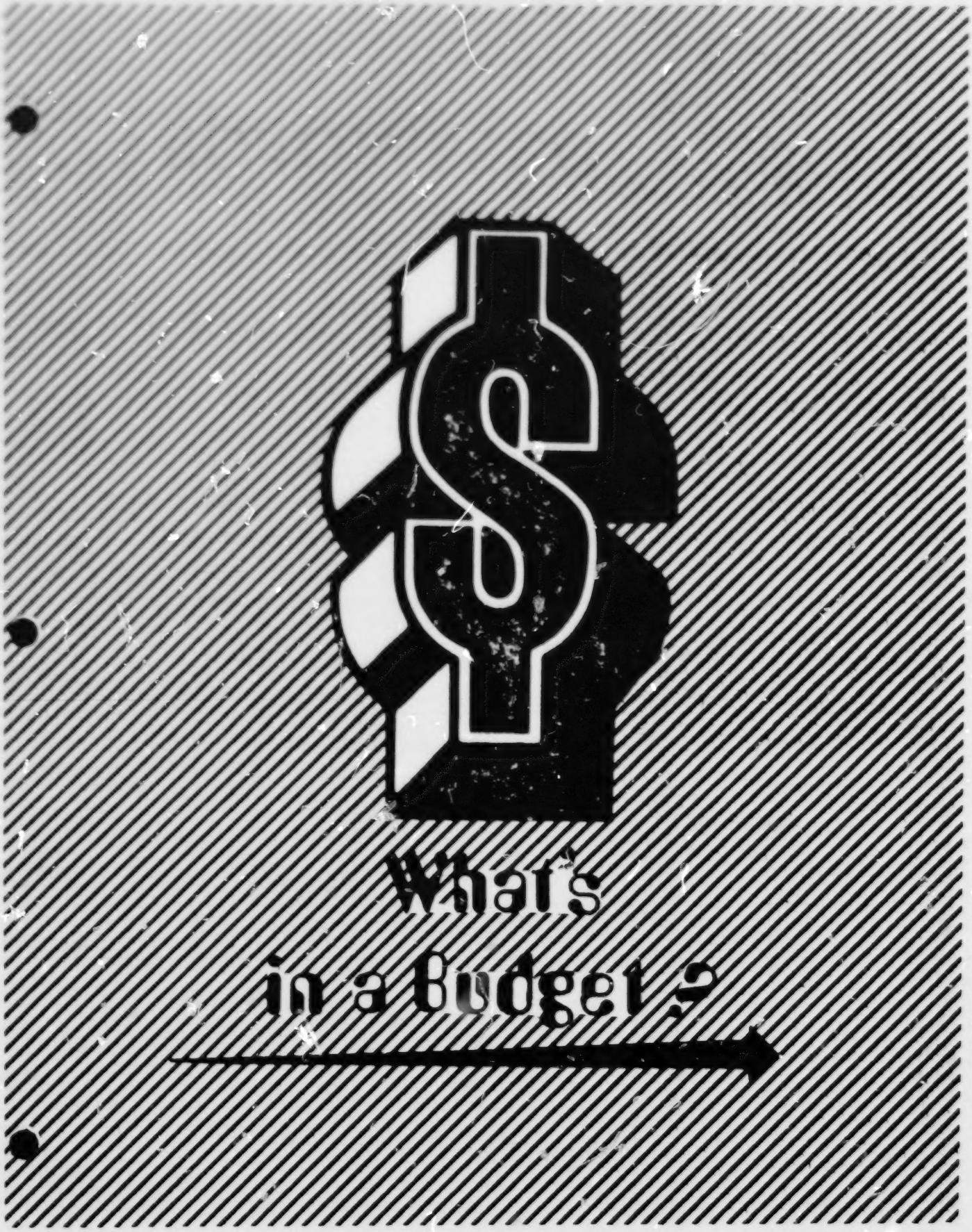
Agree	Disagree		
____	____	1.	Budgeting helps a person master himself.
____	____	2.	The main reason to use a budget is to save money.
____	____	3.	You don't need a budget if you have enough money each month.
____	____	4.	Budgets are only for bad times, such as when your income drops.
____	____	5.	The main goal in budgeting is to balance income and expenses.
____	____	6.	A budget is a plan of action for your money.
____	____	7.	Nobody uses budgets.
____	____	8.	A budget can help curb impulse buying.
____	____	9.	Budgets help meet today's needs and tomorrow's wants.
____	____	10.	A budget is a good financial record.

Evaluate the following:

The ability to use money efficiently does not come naturally.

Budgeting is essential to wise money management.

If you feel you need or want a budget, you need one.


What's
in a Budget?

passwords ...

What's in a Budget ?

ALLOTTED	*Distributed; Divided among*
BASIC NEEDS	*Needs common to all--food, clothing, shelter, etc.*
FIXED	*Expenses which remain much the same from month to month*
FLEXIBLE	*Expenses which can vary from month to month*
GOALS	*Purposes* *Specific objectives toward which one works*
NEEDS	*Necessities*
PRIORITIES	*Those things which are of the greatest importance*
RESOURCES	*Assets; available money*
SPENDING PATTERNS	*The way in which one spends his money*
VALUES	*Ideals and principles by which one lives*
WANTS	*Luxuries* *What we desire which are not necessities*

Ready to Move On ?

Do You Know the Passwords ?

What's in a Budget ?

YOUR budget is a personal matter -- it reflects YOU -- and YOU alone.

The spending of your income is a personal matter. While you may have the same income as one of your friends, the form and spending pattern of your budgets may be very different.

Your budget reflects your VALUES and GOALS -- what you feel is important and the plans you have for your future.

Your budget also reflects your NEEDS and WANTS -- those things you must have and those which you choose to have.

The individual items in your budget are either FIXED or FLEXIBLE. Fixed items are amounts which are fairly easy to predict and rather difficult to change. Flexible items may vary from month to month. It is in the area of your flexible expenses that you decide how to vary your spending patterns when necessary.

Let's look ahead and learn more about these budget features. ——————>

Decisions

Decisions

Budgeting includes decisions, choices, planning, and priorities.
Because a budget must fit you, YOU are the key element in your budget.
What are YOUR values, goals, and the type of life YOU live and plan to live?

Let's zero in on VALUES and GOALS in this section.

Personal, individual values and goals influence all we do. Most often, however, we don't think of <u>why</u> we do things the way we do. This includes spending money.

Because each individual and each family has different standards, values, wants, needs and resources, no two spending plans can be alike because no two situations are exactly alike.

Values

are the ideals and principles by which we live.

are things such as security, freedom, health, etc. which are of importance to a person.

involve emotions and may change with age and are usually acquired as a child.

Goals

are specific aims and objectives that grow out of individual values.

need not be limited to your present abilities and income and can be classified as long-term and short-term.

So what do values and goals have to do with learning to budget? A lot!

Think about what is important to you.
Decide which of those things are <u>most</u> important.
Set some goals: some for now
some for the near future
some for the distant future

Determine what you most want from your money, and plan toward that. Have you really thought about what you would like to be doing, 5, 10, or even 15 years from today?

This is one type of thinking you do when setting goals for yourself based on your own personal values.

Since most of us cannot afford all of the things we would like to have today, goals become an important part of budgeting.

Values are formed from those things that seem important to people and to their families.

Goals are reasons for doing something and are more definite than values--they are easier to identify and list.

Goals can be ranked in importance and can conflict with each other.

Think of some of the things you did last week: What were some of the decisions you made?

What were the VALUES you expressed in those decisions?

Future Planning is NOW Planning

Think of all the times you have said -- or have heard others say -- IT WILL BE GREAT WHEN. . . . . .

"IT will be great when I'm grown up . . . ."

"IT will be great when I am 16 . . . ."

"IT will be great when I am 18 or 21 . . . ."

"IT will be great when I am 30 . . . ."

"IT will be great when I am 65 . . . ."

We are always reaching toward a future. How do we make the future happen for us? How can we make the future a "good" one for us? Well, making a "good" future happen depends a lot on at least two things we do right now:

1. Develop SELF-DISCIPLINE

and

2. Develop SELF-DIRECTION

SELF-DIRECTION involves setting goals for one's life; SELF-DISCIPLINE involves living each day in a way that will get one to his or her goals.

A life without personal goals and discipline is one that might be shallow and aimless;
undisciplined and unkept;
insignificant and out-of-shape;
out-of-place and out-of-luck.

A self-disciplined person knows what she wants out of life and creates a "good future" each day of life.

An undisciplined person lives life like a SQUIGGLE -- wandering about:

The SQUIGGLE PERSON lives a hopeful life. She or he hopes that things will be better when . . . . . They say things like:

"IT will be great next week. I will have finished. . . . . ."

"IT will be great next year. I will have become . . . . . ."

"IT will be great five years from now. I will have . . . . . ."

But the real questions involve: "What will I have to do IMMEDIATELY, if I want the future to be good?"

"What will I have to do NOW if I am going to achieve my life goals?

The SELF-DIRECTED PERSON sets GOALS he or she wants to achieve.

The SELF-DISCIPLINED PERSON works hard to achieve those GOALS.

Reread the three situations on page three, then answer these questions:

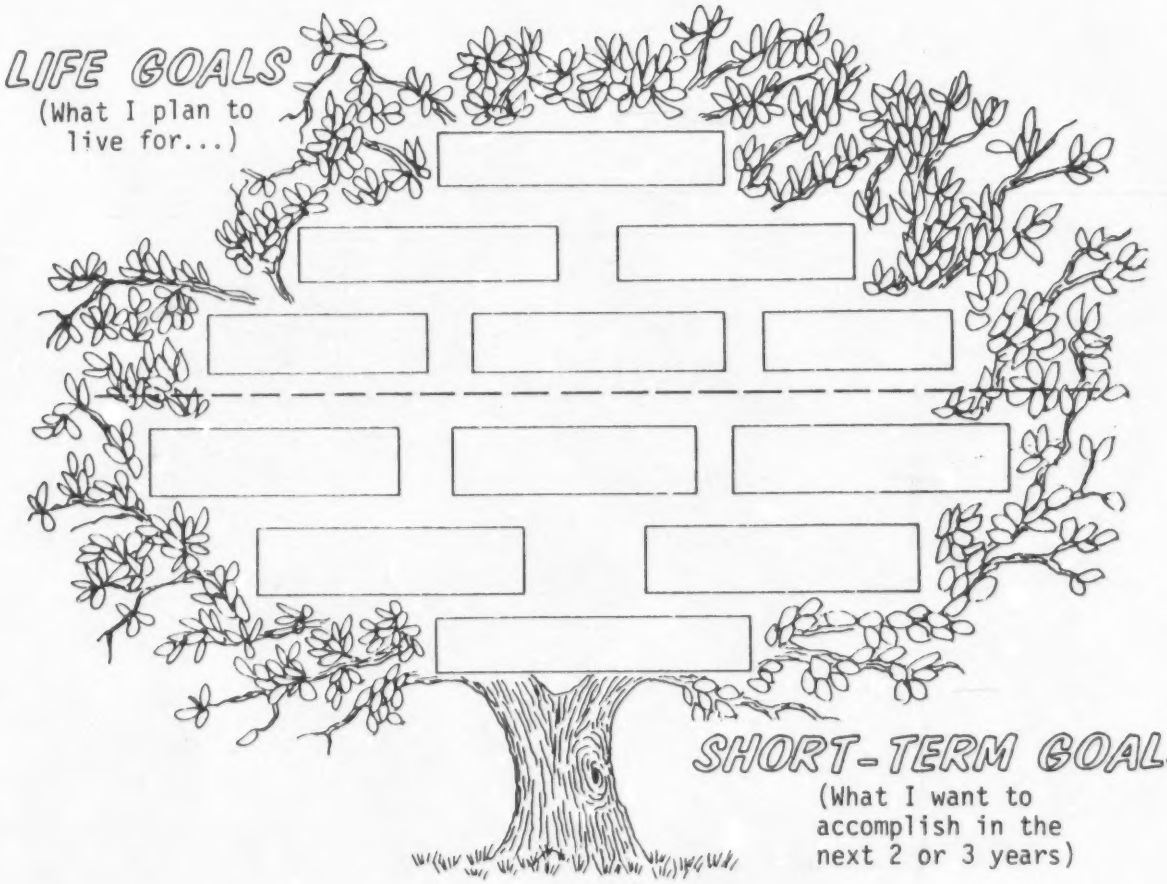
1. What goals did Jack set for himself?
   Was he self-disciplined?
2. Was Nancy disappointed because she did not set goals?
   Was she self-disciplined?
3. The newly-married Hazzards wanted money for fun times, like they used to have.
   How might a self-directed and self-disciplined couple achieve that goal?

To do budgeting well, a person needs to be clear about his or her GOALS. Then, that person needs to be self-disciplined enough to work toward those goals.

There is a PERSONAL GOALS TREE on the next page. Fill it in based upon your own goals and hopes for the future. It might keep you from becoming a SQUIGGLE PERSON!

(The TREE is your personal statement and you will not have to let anyone see it unless *YOU* want them to see it.)

PERSONAL GOALS TREE



PERSONAL GOALS and VALUES

The PERSONAL GOALS which we set are linked to our VALUES. One person may save money to buy a larger, more impressive house; another person may save to buy stocks to achieve economic security; and a third person may save money to give to church missionaries, working with hungry persons in Asia.

One person may spend dollars on a big, impressive car; another person spends her dollars on gifts for friends; and a third person spends dollars on books and courses at a local university.

When we look at people's budgets, we can tell something about their goals. When we know their goals, we can tell something about what they value in life. There are eight kinds of values listed below:

POWER	INFLUENCE OVER OTHER PEOPLE
WEALTH	RICHES AND PROPERTY
AFFECTION	LOVE AND FRIENDSHIP
ENLIGHTENMENT	LEARNING AND KNOWLEDGE
TRUST	HONESTY, RESPONSIBILITY
WELL-BEING	GOOD HEALTH AND PERSONAL SAFETY
SKILL	BEING ABLE TO DO THINGS
RESPECT	RECOGNITION OF ONE'S IMPORTANCE, THE HONOR OR RESPECT OF OTHERS

Think about the goals on your PERSONAL GOALS TREE. What VALUES are reflected by your GOALS? _____ _____

_____ _____ _____

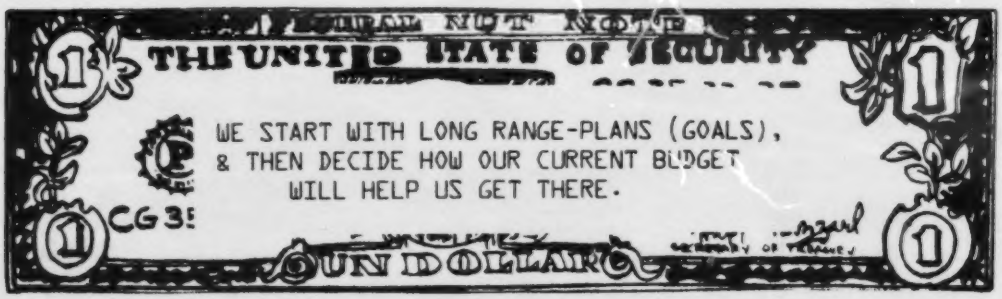
WHERE DID YOU GET YOUR GOALS?

Think about the GOALS on your PERSONAL GOALS TREE. How did you set those GOALS?

KNOWLEDGE	What I have learned from others.
EXPERIENCE	What I have learned for myself.
VALUES	What I desire for myself and for others.
FEELINGS	My emotional reaction to things.

Use VALUES or GOALS to complete each statement:

1. _____ are those things which seem important to a person.
2. _____ are aims and objectives.
3. Goals vary from person to person because goals are based on each person's own set of _____ .
4. _____ may be stated for this week, for next year, or for years from now.
5. Friendship, education, and religion are all examples of _____ .
6. Both _____ and _____ may change with age and experience.


THE UNITED STATE OF SECURITY
WE START WITH LONG RANGE-PLANS (GOALS),
& THEN DECIDE HOW OUR CURRENT BUDGET
WILL HELP US GET THERE.
CG 35
ONE DOLLAR

WANTS NEEDS

A consumer buys goods and services, necessities and luxuries.
We all can have unlimited wants, but most of us have limited means--so we must choose what is most important.

The definition of wants and needs is much easier to write than to apply in the world of the consumer.

WANTS may be thought of as "luxuries"; NEEDS as "necessities".

WANTS are things that will make life more pleasant or happy. If the desire for a WANT is strong enough, it is all too easy to think of it as a NEED.

WANTS are influenced by many things:

Living Conditions ⟷ that Alaskan probably doesn't need central air conditioning

Marital Status ⟷ the new bride would love to have a brand new home

Sex ⟷ most men are not <u>really</u> interested in the newest washer & dryer

Age ⟷ the fourth grader <u>really</u> doesn't want a motorcycle

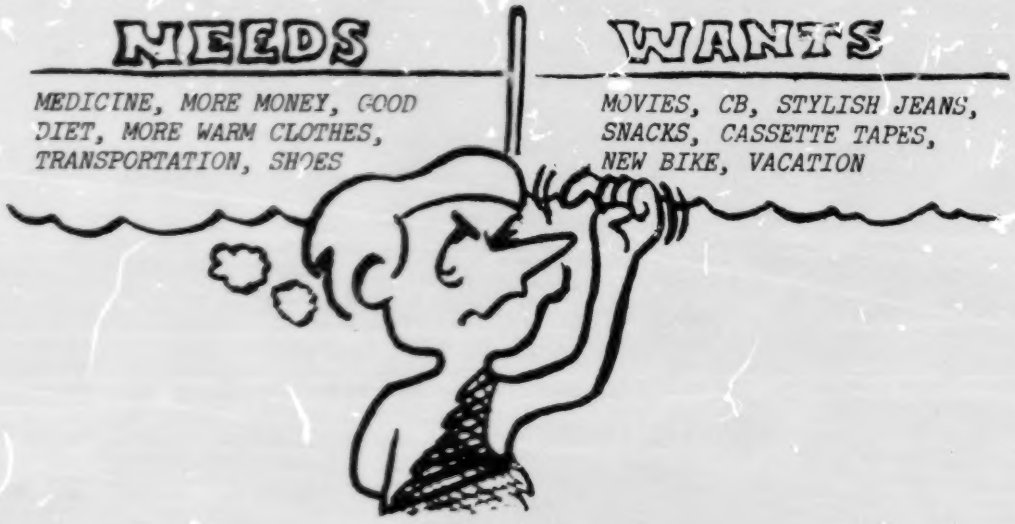
NEEDS include those habits we have which are difficult to break: eating, wearing a shirt (especially if you want to eat in that particular restaurant), and having a place to stay.

The basic needs (food, clothing, shelter) are common to all people. Other needs vary from person to person and even from time to time and place to place. It is even possible for one man's need to be another's want. Think of a fur coat. This same item has a different value to the Alaskan and the Floridian.

Separate your NEEDS and WANTS in budget planning. This will allow enough money to cover all your needs before buying some of your wants. This is one of the advantages of a budget--the use of your money is planned in advance. This discourages spending on WANTS (things you see and want right away) before the obligations of your NEEDS have been met.

The wise consumer should be able to look at his own needs and wants and be able to decide which of these are most important to HIM. He must think in terms of his *resources* (income), *responsibilities* (the number of persons for whom he is responsible), and his own personal *values* (what he feels is most important).

Sound a little heavy? Perhaps it is.
However, it simply means to decide what is important to *YOU*.
Then, *PLAN* before you *SPEND*.


NEEDS
MEDICINE, MORE MONEY, GOOD DIET, MORE WARM CLOTHES, TRANSPORTATION, SHOES
WANTS
MOVIES, CB, STYLISH JEANS, SNACKS, CASSETTE TAPES, NEW BIKE, VACATION

In planning a budget or spending plan as well as in the marketplace, the wise consumer needs to ask such basic questions as:

DO I *WANT* IT OR *NEED* IT ?

WHAT WILL IT *COST* ?

SHOULD I BUY IT *NOW* OR *LATER* ?

Needs are those things we need to live comfortably, such as the four basic necessities of life -- food, housing, energy, and health care.

Wants are those things we really don't need, but would like to have such as candy, a dune buggy, or 20 pairs of shoes.

SHOW WHETHER THE ITEMS IN THE FOLLOWING LIST ARE NEEDS *OR* WANTS *FOR AN AVERAGE HIGH SCHOOL STUDENT. WRITE* N *FOR* NEEDS *AND* W *FOR* WANTS.

____ 1. Clothes
____ 2. Comic books
____ 3. Vegetables
____ 4. A second motorcycle
____ 5. Electricity
____ 6. A home
____ 7. Income
____ 8. Candy
____ 9. Wigs
____ 10. A bracelet
____ 11. A new car every year
____ 12. Camping equipment
____ 13. Paints for an artist
____ 14. A coin collection
____ 15. Dinner

LIST 13 OF YOUR FAVORITE ITEMS WHICH YOU HAVE HELPED TO CONSUME THIS WEEK. (Examples: gasoline, food, clothes)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____

IF THERE WERE A DECREE WHICH SAID ALL FAMILIES MUST CONSUME LESS, WHICH THREE ITEMS LISTED ABOVE COULD YOU REALLY DO WITHOUT?

1. _____ 2. _____ 3. _____

WHY DID YOU DECIDE UPON THESE THREE ITEMS?

WHICH THREE ITEMS ON THE LIST WOULD BE THE LAST YOU WOULD BE WILLING TO GIVE UP?

1. _____ 2. _____ 3. _____

HOW WOULD YOUR WAY OF LIFE CHANGE IF YOU GAVE UP THE FIRST THREE ITEMS? ARE THEY NEEDS *OR* WANTS?

HOW WOULD YOUR WAY OF LIFE CHANGE IF YOU GAVE UP THE LAST THREE ITEMS YOU LISTED? ARE THEY NEEDS *OR* WANTS?

or FLEXIBLE ?

75% OF MOST CONSUMERS' INCOMES ARE COMMITTED TO REGULAR FIXED LIVING EXPENSES

25% OF MOST CONSUMERS' INCOMES ARE FOR IRREGULAR EXPENSES

Expenses or obligations which occur every month are of two types:

Fixed expenses are those which:

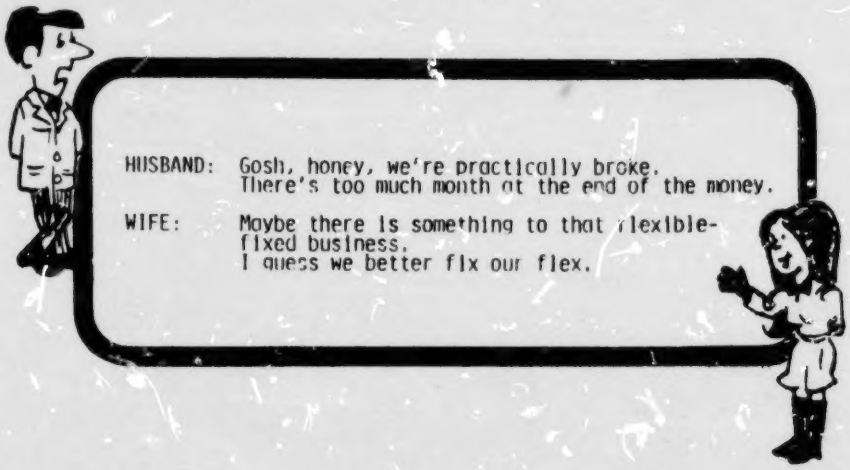
* you must pay by a certain date each month
* are often legal commitments which cannot be changed in a short period of time
* are predictable -- you pay them over and over and over again
* are expenses over which you have relatively little control although they may vary slightly from month to month
* include: housing
  utilities
  installment payments
  transportation
  insurance
  taxes

Flexible expenses

* can come up at odd times
* vary from month to month
* can be reduced or eliminated or even increased if necessary
* include: food
  clothing
  equipment and supplies
  entertainment and recreation

Why is it necessary to think of budget items as being either fixed or flexible? It is necessary so that all the fixed items can be planned for *FIRST*. Then the remainder of your money can be allotted to those things which can be varied from month to month.

Consumers may disagree when items such as food and utilities are listed as flexible items. Although such items are necessities, the actual amount spent can be controlled by the consumer. It is possible to use less water and eat less expensive food if necessary. The importance is in being certain to include such items in the budget.


HUSBAND: Gosh, honey, we're practically broke. There's too much month at the end of the money.
WIFE: Maybe there is something to that flexible-fixed business. I guess we better fix our flex.

Indicate whether the following budget items are FIXED or FLEXIBLE by using X for each FIXED item; L for each FLEXIBLE item.

____ 1. Rent

____ 2. Magazines

____ 3. Bowling

____ 4. Garbage bill

____ 5. Salary

____ 6. Health insurance

____ 7. Movies

____ 8. Food

____ 9. Gifts

____ 10. Installment payment

____ 11. Parking tickets

____ 12. Interest from savings accounts

____ 13. Contributions to charities

____ 14. $5 you spend each week on grooming aids

____ 15. $10 from a neighbor for installing screens

____ 16. Records

____ 17. A new pair of jeans

____ 18. Club dues

____ 19. Dating expenses

____ 20. Emergencies

Discuss: Why is it difficult to classify items such as 8, 11, and 17 in the list above?

The exercises on the next two pages will give you practice in applying this skill to budget situations.

Try Your Hand:

Use the following facts to fill in the Budget Worksheet.

1. *INCOME: $600.00*

2. *FIXED EXPENSES*

a.	*Rent*	*$200*
b.	*Phone*	*15*
c.	*Car*	*30*
d.	*Insurance*	*20*

3. *FLEXIBLE EXPENSES*

a.	*Clothes*	*$85*
b.	*Food*	*85*
c.	*Car Upkeep*	*45*
d.	*Recreation*	*60*
e.	*Savings*	*30*
f.	*Miscellaneous*	*20*

INCOME	FIXED EXPENSES	FLEXIBLE EXPENSES
TOTAL _____	TOTAL _____	TOTAL _____

1. Add each of the columns to find your Worksheet totals.
2. Add your fixed expenses and your flexible expenses.
3. Does the sum of your fixed expenses and flexible expenses totals equal your income? _____

Budget Workshop

INCOME	FIXED EXPENSES	FLEXIBLE EXPENSES
TOTAL _____	TOTAL _____	TOTAL _____

Put these items in the proper column and add each of the columns.

Monthly income	*$400.00*	*Apartment rent*	*$104.00*
Car payment	*32.00*	*Car insurance*	*20.00*
Food	*60.00*	*Car upkeep*	*28.00*
Clothes	*40.00*	*Recreation*	*36.00*
Medical	*24.00*	*Miscellaneous*	*12.00*
Savings	*44.00*		

How much is your income? Total _____

How much are your flexible expenses? Total _____

How much are your fixed expenses? Total _____

Add your fixed and flexible expenses. Total _____

How much money do you have left? _____

What's in a Budget ?

Match the terms with their descriptions:

____	1. Fixed	A.	Ideals and principles
____	2. Flexible	B.	Necessities
____	3. Goals	C.	Remain much the same from month to month
____	4. Needs	D.	Purposes: aims and objectives
____	5. Values	E.	Luxuries
____	6. Wants	F.	Varying from month to month
		G.	Worth

Complete the statements by writing the correct word from the list above:

7. Physical fitness is a _____ upon which the goal of good health may be based.

8. Food and shelter are basic _____.

9. Changes in value and lifestyle also change _____.

10. Income, housing and installment payments are budget items which are _____ because they do not vary greatly from month to month.

THINK ABOUT, SHARE, and DISCUSS your answers to the following questions:

1. Is there a difference between needing things and wanting things?

2. Why is it necessary for most of us to make economic decisions before buying the things we need and want?

3. Would economic needs change if a consumer moved from Florida to northern Minnesota? Why?

4. Is it possible for the same item to be a fixed budget item for one consumer and a flexible budget item for a different consumer?

5. Suppose you and a few friends are stranded on a small Pacific island. How would the problem of satisfying your needs and wants on this island differ from that problem in your community? How necessary would a budget be?

How Do I Budget ?

The steps in setting up a budget are the same, regardless of income, values or expenses. Budgeting can be as easy as 1 - 2 - 3 - 4 :

1. **Start it**

2. **Write it**

3. **Try it**

4. **Keep it or Revise it**

START A RECORD....

Keep a record for a month of all sources of income and all money spent. This becomes your basis for setting up your budget.

WRITE IT....

List all income sources.
Record all fixed expenses.
Distribute the remainder of your money in categories for flexible spending,

TRY IT---

you may like it. Then again you may not.

Give it a try for at least a month and find out how it works for you.

REVISE IT--

Budgets should be FLEXIBLE -- make changes where necessary to make YOUR budget fit YOU.

1. Start It

Your record should include both INCOME and OUTGO .

Income is money received on a regular basis and includes:

your paycheck from regular jobs
pay for part-time jobs
welfare, unemployment, or social security

remember to include only your *NET* or take-home pay (the amount of money you receive after all deductions have been deducted. Deductions include such items as state and federal taxes, social security, and other benefits.)

Outgo means those things for which you spend money and includes both FIXED and FLEXIBLE expenses.

This basic spending record shows how you have spent your money in the past, and gives you the basis for setting up a budget.

2. Write It

There are probably as many budget forms as there are people using budgets.
The form is not the key, however. The fact that you include all the necessary parts is.
Only 3 basic columns are needed: *INCOME*
ESTIMATED EXPENSES
ACTUAL SPENDING

Figuring income is the easiest and most nearly the same step for everyone. It is based on a paycheck. Expenses are quite different and depend on the individual's values and life styles.

In listing your "outgo" or expenses, start with the easier ones, your FIXED or predictable monthly expenses; then the FLEXIBLE ones.

Both of these categories are done in the planning stage. The most important section, however, is the one in which you record your *actual* spending per item. Then you will be able to evaluate your spending plan.

3. Try It

Give your budget a fair trial.
Try it for one month.
Make any necessary corrections you need because of differences between *planned* and *actual* figures (the amounts really spent for those items).
Give your corrected budget a three month trial.

4. Keep It or Revise It

If your first budget works for you--great!
If not, evaluate and revise if necessary.
Don't be afraid to experiment with as many kinds of budgets as you wish.

Evaluate your budget to determine if it provides for:
all NEEDS
some of your WANTS
FLEXIBILITY when necessary
SAVING toward your future goals

Your purpose in this step is to experiment until you reach the point where it isn't necessary to write down all the facts and figures in your budget. Soon it will become automatic for you.
You may even reach the point where you need only carry a plan in your head!

An effective budget should expand, not limit your opportunities to meet financial emergencies and fulfill long-range goals.

Remember--you are concerned only with the type of budget that works for *YOU*--not someone else.

Your budget will depend on such factors as:

AGE (your budget is not the same when you are a student, a young parent, and then a retiree)
WHERE YOU LIVE
YOUR RESPONSIBILITIES FOR OTHERS
HOW YOU SPEND YOUR LEISURE TIME

The key: DOES IT WORK FOR ME?

ONLY 4 EASY STEPS TO BUDGETING?? LET'S GIVE IT A TRY.

JUST 4 FUN:

See how well you can apply the basic steps of budgeting.
The 3 situations that follow are each different, but you will be able to plan budgets for all three if you apply the steps you have learned.
Do well on these and you are well on the way to planning the different budgets you will need.

Good Luck!

o o o

How Do I Budget?

passwords ...

How Do I Budget?

ACTUAL SPENDING	The exact amount spent, regardless of previous plans
BASIS	Starting point
CATEGORIES	Divisions of the budget
ESTIMATED EXPENSES	Amounts planned to be spent for specific purposes
FLEXIBLE	Easily changed
FORM	Format; lay-out
INCOME	Money received on a regular basis
OUTGO	Expenses; those things for which you spend money
RECORD	List of items for which money was spent; Spending record

Ready to Move On?

Do You Know the Passwords?

Tuition	$100.00	Laundry Service	$20.00
Room & Board	200.00	Snacks	15.00
Supplies	12.00	Car Payment	50.00
Magazines	7.00	Clothes	22.00
Library Fines	2.50	Miscellaneous	8.00
Dates	30.00		

His income consists of $50 take-home pay per week for his part-time job and $200 monthly which he withdraws from his savings account.

1. Circle all the items in Jim's spending record which are flexible.
2. What is the total of his flexible items? _____
3. What is the total of his fixed items? _____
4. What is the total of his monthly income? _____
5. By how much will he have to reduce his spending to make his budget balance (Income = Expenses)? _____

Think of which of these items would be easiest for you to reduce if you were in Jim's situation.

o o o

SINCE THIS WAS THEIR FIRST TRY AT BUDGETING, THEY DECIDED TO USE A "% OF INCOME" GUIDE IN THEIR BUDGETING. SUCH GUIDELINES SHOW "AVERAGE" PERCENTAGES OF INCOME SPENT ON ITEMS BY MANY CONSUMERS. FOR EACH ITEM, THE MONTHLY INCOME IS MULTIPLIED BY THE % OF INCOME TO DETERMINE AN ESTIMATE FOR THAT EXPENSE.

1. Figure the Estimated Expense for each item listed.
2. Find the totals for the % of Income and Estimated Expenses columns.
3. Answer the questions on the next page.

SPENDING PLAN - THE GREENES			
EXPENSES	% OF INCOME	ESTIMATED * EXPENSES	ACTUAL COST
Housing	25	$242.50	
Food	25		
Clothing	10		
Personal	3		
Transportation	12		
Medical & Dental	6		
Education & Recreation	5		
Gifts & Contributions	5		
Miscellaneous	6		
Savings	3		
TOTAL			

* Use the % of Income figures to complete Estimated Expenses. The first one is done for you. ($970 x .25 = $242.50)

The actual amounts spent by the Greenes for the first month they used their budget were as follows: Housing: $230, Food: $200, Clothing: $40, Personal: $50, Transportation: $125, Medical and Dental: $40, Education and Recreation: $220, Gifts and Contributions: $25, Miscellaneous: $25, Savings: $5.

Use these figures to complete the ACTUAL COST column of the SPENDING PLAN on page 40. Then answer these questions about their budget:

1. Did their first month's budget balance? _____

2. For which seven items were the ACTUAL COSTS less than the ESTIMATED EXPENSES? Circle these ACTUAL COST amounts on the SPENDING PLAN.

3. For which one of the 10 items was there the greatest difference between the ESTIMATED EXPENSES and the ACTUAL COST? _____

4. Why was it necessary to spend so much more for education & recreation than the guidelines for budgeting suggested? _____
_____

5. What is the current balance in the Greenes' savings account? _____

o o o

Because the standard guidelines didn't work for them, the Hazzards decided to base their budget on their own lifestyle and what was important to them.

First they wrote down their fixed expenses. Then they divided the remainder of their income among the flexible expenses they knew they would need to meet.

Their completed record looked like this:

FIXED EXPENSES		*FLEXIBLE EXPENSES*	
Housing	$500	Clothing	_____
Food	300	Personal	_____
Savings	150	Transportation	_____
Installment payments	150	Medical & Dental	_____
		Education & Recreation	_____
		Gifts & Contributions	_____
		Miscellaneous	_____
		TOTAL : $900	

What was the total of the Hazzards' incomes? (Careful!!!) _____

Use the % Guidelines in the box on page 41 to fill in the amounts the Hazzards budgeted for their flexible expenses.

Now that you have worked with three different budget situations, you have been able to see some of the thinking, planning, and figuring involved in making a budget work.

Budget CATEGORIES and SPENDING PATTERNS concern many consumers who are interested in budgeting. The family life-cycle status of a family is a major consideration in budgeting. Note the difference in the demand as illustrated in the table below. Think about what effect these stages would have on fixed and flexible expenses.

FAMILY LIFE-CYCLE STAGE	*BUDGET DEMAND*
Young single (18-29 years)	Light
Early marriage (18-29 years)	Heavy
With children in primary grades (24-34 years)	Moderate
With children in high school (35-49 years)	Heavy
With children at college or at work (38-55 years)	Heavy or light
Pre-retirement (50-64 years)	Light
Retirement (65 and over)	Light

"Budget Demand" refers to how much money is needed for the family budget. Young singles do not have a great need for money to support themselves. At the other end of the cycle--Pre-retirement and Retirement--most needs have been met and plans made for the time when income is less. Early marriage is a heavy demand period with the high costs of establishing a household. High school students require more money to support than do elementary children. The budget demand for parents of students at college or work varies from high to support dependents in college to light for those who are working and providing part of their own support.

CATEGORIES also vary according to both the Life-Cycle Stage and the decision about what categories to use in budgeting. Many consumers prefer a more detailed listing of categories to use in evaluating their money management. Illustrated below are sample listings for college students and families.

BUDGET CATEGORIES FOR COLLEGE STUDENTS	BUDGET CATEGORIES FOR FAMILY SPENDING
INCOME Balance on hand Regular weekly income Savings Additions to allowance Earnings Gifts Scholarship TOTAL	INCOME Take-Home Pay Take-Home Pay (Spouse) Interest Earnings Dividends Other TOTAL
FIXED EXPENSES Food Room Tuition Insurance Trarsportation Organization dues Fees (laboratory, health, etc.) Taxes Other TOTAL FIXED EXPENDITURES	EXPENSE CATEGORIES: HOUSING Rent/Mortgage Payment Repairs Insurance Taxes Utilities FOOD TRANSPORTATION Installment Payments Gas and Oil Insurance/License Repairs
FLEXIBLE EXPENSES Recreation School supplies Books Clothing Contributions Grooming Car (gas, oil, repairs) Snacks Repairs (radio, watch, shoes, etc.) Gifts Laundry, dry cleaning Cultural events Health Beverages Telephone Other TOTAL FLEXIBLE EXPENDITURES	CLOTHING MEDICAL Health Insurance Drugs and Medicine Other PERSONAL NECESSITIES Laundry Barber/Hairdresser Toiletries/Cosmetics RECREATION/ENTERTAINMENT Admissions Club Dues Sporting Goods Vacations Other SAVINGS/INVESTMENT GIFTS/CHARITY LIFE INSURANCE TAXES CONTINGENCY FUND RESERVE FOR MAJOR PURCHASES TOTAL EXPENSES

Look carefully at the expense categories in the FAMILY SPENDING CHART. "Housing" includes all the expenses involved in maintaining a household. "Food" should include both food eaten at home and away from home.

Examples of items which may be included in ten of the major categories are listed below:

(1) Housing or Shelter: rent or mortgage payments, utilities, repairs, property taxes, insurance, furniture, household supplies, garbage service, household operation.

(2) Food: beverages and eating out as well as food eaten at home.

(3) Clothing: repairs, cleaning, jewelry, accessories.

(4) Transportation: private and public, parking fees, tolls, automobile insurance and license, repairs & maintenance, car payments.

(5) Medical Costs: insurance policies, drugs, dental care, doctor services.

(6) Recreation: movies, travel, sports, books, hobbies.

(7) Education: music and dancing lessons, lectures, regular school or college costs.

(8) Personal Care: cosmetics, beauty parlor, haircuts, toothpaste, all grooming aids.

(9) Miscellaneous: gifts, contributions, allowances.

(10) Savings: investments, life insurance.

The names of the categories are not the key to the successful budget. Some consumers succeed with only a few categories. Others prefer many, specific categories. The key is to be sure that all the necessary expenditures have been included and that enough money is allowed to cover all items in each category.

Some items are IRREGULAR, FIXED EXPENSES. Payments are not due every month, but should be planned for in each month's budget. Such items include: property taxes; fire, car, life, and health insurance; license fees; and professional dues.

Let's look at an example of planning ahead to make such payments:

A married couple pay annual expenses of $950 property taxes, $170 homeowners insurance, $44 car license, $310 automobile insurance, $180 life insurance, $660 health insurance, $80 professional dues, and home mortgage payments of $3000 per year ($250 x 12). Family income is $1800 per month after payroll deductions. They determine total fixed expenses and the balance left for current expenses and savings in the following manner:

Property taxes	$ 950
Homeowners insurance	170
Car license	44
Automobile insurance	310
Life insurance	180
Health insurance	660
Professional dues	80
Mortgage payments	3000
Total	$5394 (fixed expenses for the year)

$5394 ÷ 12 = $449.50 fixed expenses per month

$1800 - $449.50 = $1350.50 balance per month for other expenses & savings

Now see how well you can do such planning with the following example:

Miguel Santos makes a payment of $225 every six months on a loan, pays a car license of $55 each year, plus automobile insurance of $220. He also pays $107 twice a year on a life insurance policy. How much must he allow in his budget each month to meet these fixed expenses when due?

_____

Many consumers plan ahead for such irregular, fixed expenses by having two bank accounts--a cash budget account and a special budget account. The cash budget account is used for regular monthly expenses. The special budget account is used to accumulate funds for irregular, fixed expenses.

REMEMBER

YOUR budget should reflect <u>your</u> lifestyle and be as simple or as detailed as you wish.

A budget must be a living document that changes as your spending needs and your income change.

TO REVIEW:

- ☐ BUDGETS ARE PERSONAL DOCUMENTS BASED ON INDIVIDUAL VALUES AND GOALS.

- ☐ BUDGETS ARE ALSO BASED ON SUCH FACTORS AS: AGE
  RESPONSIBILITIES
  LOCALE

- ☐ BUDGETS SHOULD BE FLEXIBLE.

- ☐ CHARACTERISTICS OF A GOOD BUDGET INCLUDE PLANNING FOR:
  ALL NEEDS (FIXED EXPENSES)
  SOME WANTS (MOST OF US CANNOT AFFORD ALL WE WANT BUT A BUDGET WHICH PROVIDES FOR NO WANTS IS NOT A GOOD IDEA)
  SAVINGS FOR FUTURE GOALS (WANTS)

- ☐ FIRST BUDGETS MAY BE BASED ON PERCENTAGE OF INCOME GUIDES, BUT SUCH GUIDES ARE "AVERAGES" AND DO NOT WORK FOR EVERYONE.

- ☐ INDIVIDUAL BUDGETS MAY BE BASED ON PERCENTAGES WHICH HAVE WORKED IN THE PAST FOR THAT INDIVIDUAL. IF THIS YEAR'S BUDGET WORKED WELL, A NEW BUDGET CAN BE PLANNED WITH THE SAME PERCENTAGE GUIDELINES FOR THE NEW INCOME.

- ☐ BUDGETS SHOULD HAVE AS MANY OR AS FEW CATEGORIES AS ARE APPROPRIATE FOR THE INDIVIDUAL.

- ☐ BUDGETING CAN MAKE MONEY MANAGEMENT FOR THE AVERAGE CONSUMER ALMOST FUN.

How Do I Budget?

1. List the four steps in budgeting: _____

_____

_____

_____

2. Find your net pay on a salary of $200 per week if you had the following deductions: federal tax-20%; state tax-5%, dues-2%, and social security 7%. _____

3. Expenses may be classified as being of two kinds. Both kinds begin with "f". What are they? _____

_____

4. Show whether each item in the list is an INCOME item or an EXPENSE item. Print I for each INCOME item, E for each EXPENSE item.

____	Found $5	____	Mowed lawn for Mrs. Green
____	New shoes	____	Ran errands for $1 each
____	Washed car for neighbor	____	Part-time job
____	Telephone bill	____	Went to a movie
____	Soft drinks	____	Received birthday gift

5. True or False:

   A "good" budget depends on the needs, wants, and values of the persons developing the budget rather than on figures based on percentages or averages of other people's spending. _____

Refer to the three budget situations on pages 38-41 when answering questions 6-9:

6. Is Jim (Situation I.) going to have much "pocket money" while he is attending Lucky U. ? _____

7. If Jim plans to drive his car while he is in school, what additional expenses will he have which are not included in his budget?

   _____

8. When the Greenes (Situation II.) revise their budget they will be able to eliminate or leave out two of the columns they used when first writing their budget. What are those two columns? _____

   _____

9. What two expenses did the Hazzards (Situation III.) list as fixed expenses which are usually listed as flexible expenses? _____

   _____

   Their thinking in doing this was to set themselves a minimum in these two areas. In savings they were "paying themselves first"--being sure to save a certain amount every month.
   Why might the other item be flexible even though they had not planned it that way? _____

10. The budget YOU use should fit _ _ _ _ !!

SELF - EVALUATION

1. As you reflect upon your experiences using this PAL, what were the most important things you learned?

2. What were the most important things you learned about:

   A. The values of budgeting?

   B. The items necessary in budgets?

   C. How to plan your personal budget?

3. What are the important consumer education topics about which you want to know more?

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